GAMECHANGERS

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Srei Equipment Finance Private Limited

Annual Report 2010 - 11

Board of Directors

Bertrand Gousset
Chairman

Hemant Kanoria
Vice Chairman & Managing Director

Sunil Kanoria
Joint Managing Director

Thierry Bonetto

Kora Ipe Puthenpurockal

Chief Executive Officer

D. K. Vyas

Chief Financial Officer

C. R. Sudharsanam

Company Secretary

Sanjay Chaurasia

Auditors

S. R. Batliboi & Co.
Chartered Accountants

CONTENTS

DIRECTORS' REPORT

Dear Shareholders,

The Board of Directors of your Company have pleasure in presenting the Fifth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2011.

FINANCIAL RESULTS AND OPERATIONS

The summarized financial performance of your Company for the year ended 31st March, 2011 is as under:

(₹ in Lakh)

Particulars	Consolidated		Standalone	
	Year ended 31st March, 2011	Year ended 31st March, 2010	Year ended 31st March, 2011	Year ended 31st March, 2010
Total Income	119,748	87,682	119,491	87,516
Total Expenditure	80,531	63,441	80,293	63,289
Profit before Depreciation	39,217	24,241	39,198	24,227
Depreciation	8,053	6,212	8,052	6,211
Profit before Bad debts, provisions & tax	31,164	18,029	31,146	18,016
Bad Debts (Net) and Provision for Non Performing Assets	7,739	4,578	7,739	4,578
Contingent Provision against Standard Assets	2,082	-	2,082	-
Profit Before Tax	**21,343**	**13,451**	**21,325**	**13,438**
Provision for Taxation	8,253	4,737	8,246	4,733
Profit After Tax	**13,090**	**8,714**	**13,079**	**8,705**
Profit available for Appropriation	22,875	12,960	22,849	12,945
Paid up Equity Share Capital	5,000	5,000	5,000	5,000
Amount transferred to Reserves	6,615	3,175	6,615	3,175
Net Worth	110,206	96,621	110,176	96,602

OPERATIONAL REVIEW

Your Company continues to maintain its market leadership in the infrastructure equipment financing business. Some of the key highlights of your Company's performance during the year under review are:

- The gross profit (before depreciation, bad debts, provision and tax) grew to ₹ 39,198 lakh from ₹ 24,227 lakh last year.
- Profit before taxation increased to ₹ 21,325 lakh as against ₹13,438 lakh in the last year.
- Net profit after taxation increased to ₹ 13,079 lakh as against ₹ 8,705 lakh in the last year.
- The total asset under management increased to ₹ 11,967.24 crores as against ₹ 9,076.32 crores last year.

The Capital adequacy ratio of your Company was 15.82 per cent as on March 31, 2011, which is above the minimum level of 15 per cent prescribed by the Reserve Bank of India for systemically important non-deposit taking NBFCs (NBFCs-ND-SI).

Your Company has complied with all norms prescribed by the Reserve Bank of India (RBI) including Fair practices, Anti Money Laundering (AML) & Know your customer (KYC) guidelines and also all the mandatory accounting standards notified by the Central Government under the Companies (Accounting Standards) Rules, 2006.

ECONOMIC REVIEW

a. Global Outlook

The developed economies, which were worst hit by the financial crisis of 2008, seem to be staging a slow recovery aided by strong dose of fiscal and monetary stimuli provided by respective governments. On the contrary, in many emerging market economies (EMEs) which were less affected by the crisis and where domestic demand has been robust, there are signs of over-heating. While presenting the global economic outlook for the last year's annual report, your Company had mentioned that inflation will emerge as a global phenomenon due to the massive money-printing undertaken by developed nations to pump-prime their economies. The scenario has indeed panned out as predicted. Today, most economies are resorting to various measures to bring inflation under control. Inflation is more pronounced in the EMEs. Asymmetry in monetary and liquidity conditions between developed economies and EMEs has led to larger capital inflows into the latter in search for better returns.

Post-crisis, the economic recovery has been mostly stimulus-induced, more so for the developed economies. But quantitative easing (QE) cannot carry on forever. Policy-makers in developed countries are faced with a dilemma - whether to delay stimulus exit in order to support growth or withdraw stimulus to contain sovereign debt concerns. Although the sovereign debt problem of several Euro Zone countries still persists, European Central Bank has raised benchmark interest rate in April. Other developed economies are expected to follow suit, in all likelihood during the next two quarters. USA has also resolved not to go for a third round of QE. The downgrading of outlook on US sovereign debt from 'stable' to 'negative' by rating agency Standard & Poor's is likely to lead to USD depreciation. Various EMEs have already resorted to monetary tightening, capital controls and exchange rate intervention in order to curb inflationary trends and limit the adverse impact of excess capital inflows on their economies. With an upward bias on interest rates, policy making, especially in developed nations, is bound to be tested this year.

Another factor that will have a strong influence on the global economic outlook this year is the oil price. The political unrest that has erupted in several oil-rich Middle Eastern and North African nations is an area of concern. But what has further aggravated matters is the devastating earthquake and tsunami in Japan that led to a Chernobyl-type nuclear power crisis in Fukushima. Economies across the world may be forced to assess the safety factor of nuclear power option and that may lead to a higher reliance on oil and natural gas as an alternative energy source in the immediate future. Oil price has already registered a sharp rise in a very short span of time, and if there is a shift in the fuel-mix equation in the Japan crisis aftermath, oil prices are bound to rise further. Rise in oil price will also push up urea and fertiliser prices and this will further translate into rise in food prices. Since oil and natural gas serve as fuel for metals and minerals and also as fuel for transportation, commodity prices may also witness sharp rise. As it is, commodity prices have firmed up reflecting easy liquidity conditions in developed economies and the growing demand in EMEs. The combined impact of all these will make inflation management even more challenging for most economies.

b. Indian Scenario

Government remains committed to economic reforms, phasing down of fiscal deficit and introduction of a Direct Tax Code (DTC) and a unified Goods & Services Tax (GST) regime. Emphasis on infrastructure creation is central to the government's development plans. The last Union budget has also emphasised on revamping the food production and logistics infrastructure which can address the supply-side bottlenecks that lead to huge wastage of food articles. All these steps augur well for India's future.

After registering a growth of 7.4 per cent in FY10, India's GDP is poised to grow at a minimum of 8.6 per cent in 2011. Private consumption demand picked up during the first half of 2011 after remaining subdued for a few quarters. Lead indicators of private demand namely corporate sales, capital expenditure plans, non-oil imports and credit demand witnessed sustained growth momentum. However, high inflation has remained the over-riding concern for India's policy-makers. The average wholesale price index (WPI) inflation stood at 9.9 per cent during the first half of 2011 and has come down marginally to 8.5 per cent during the second half. Supply-side bottlenecks in food sector led to a very high food price inflation, but after government measures to bring down food prices, the inflation has become more broad based and riding on rising commodity and fuel prices, the inflation has now become more demand driven and has expanded to non-food manufacturing sector.

Sustained high level of inflation has fuelled inflationary expectations thereby prompting the RBI to curb inflation through policy rate hikes. During 2011, RBI had raised the repo rate by 150 basis points. With repo rate at 7.25 per cent and WPI inflation at around 9 per cent, real interest rate is still negative indicating further hikes in policy rates. According to industry experts, RBI is likely to go in for rate hikes to the tune of 75-100 basis points during 2011-12. Rising cost pressures combined with increased interest rate is bound to impact expansion plans by firms leading to overall moderation in GDP growth. Industrial production figures in the last few months also corroborate this.

India continues to remain an attractive investment destination. In 2010, India received USD 37.7 billion as FDI. During April - February 2010-11, FDI inflows stood at USD 25.9 billion. During the same phase, FII inflows stood at USD 31.3 billion. Meanwhile India's trade deficit widened as FY 2011 saw exports at USD 245.9 billion and imports at USD 350.7 billion. Exports expanded faster than imports, but a decline in net invisibles translated into a widening of the current account deficit. The current account deficit remains buffered by higher capital inflows, but given that typically lesser duration portfolio inflows figure more than the long-term FDI in the capital flow composition, the sustainability of India's current account deficit will be a concern area.

NBFIs IN INDIA

The year under review witnessed several important developments in the NBFI space. Earlier there were no regulations for issuance of non-convertible debentures (NCDs) with maturity of less than a year, either by SEBI or by RBI. Effective 2nd August, 2010, issuance of NCDs with a maturity of less than a year is subject to RBI guidelines. This step has imposed operational costs on issuers of NCDs which includes NBFIs like your Company. Not only will the issuer have to adhere to certain eligibility criteria, the tenor of NCDs will have to be at least 90 days from the date of issue. Also, the exercise date of option (put / call) attached, if any, should not fall within those 90 days.

Debt oriented Mutual Funds (DoMFs) invest in commercial papers of NBFIs like your Company. These DoMFs rely heavily on institutional investors like commercial banks whose redemption requirements are usually large and simultaneous. The DoMFs, on the other hand, are large lenders in the overnight markets such as collateralised borrowing and lending obligation (CBLO) and market repo where banks are large borrowers. Keeping in mind the growing trend of banks' investment in DoMFs and the fact that DoMFs invest heavily on certificates of deposit (CDs) of such banks thereby creating a circular flow between banks and DoMFs which may lead to a systemic risk at times of liquidity crunch, RBI has stipulated that banks can invest in liquid schemes of DoMFs up to a prudential cap of 10 per cent of their net worth as on the 31st March of the previous year. This will restrict the quantum of funds that DoMFs will be able to amass thereby limiting their earnings from overnight markets.

Effective 1st April, 2011, bank loans to NBFIs, other than micro finance institutions (MFIs), will not be accorded priority sector status.

The above mentioned modifications may result in higher cost of funds for NBFIs.

REVIEW OF OPERATIONS

Your Company, joint venture between Srei Infrastructure Finance Limited (Srei) and BNP PARIBAS Leasing Solutions, is registered with the Reserve Bank of India (RBI) as a non-deposit taking Non-Banking Finance Company (NBFC) (Category - Asset Finance) and is in the business of equipment financing. In the year under review, the total disbursements of your Company grew by 67 per cent from ₹ 6,003 crores to ₹ 10,010 crores.

Your Company emerged as one of the leading equipment financier in India in the last financial year with a disbursement of over ₹ 10,000 crores, which has been far higher than the growth in the equipment sales. The industry grew at an average of 35 per cent and this year witnessed entry of new buyers especially in the entry segment. The market share of your Company is at a dominant 33 per cent amongst all financiers in this business vertical.

Your Company has been a specialist in the Infrastructure and construction equipment and continues to grow with consistency and has the most prudent credit practices and has some of the most robust relationships with its customers and manufacturer partners. Your Company's customers includes not only all the large infrastructure companies in this sector but also the entire value chain of the infrastructure equipment business. Apart from this, your Company also expanded its business in the technology equipment like computer hardware and software, and healthcare.

In the year under review, the economy has emerged from the shadows of recession and there has been a resurgence of demand for infrastructure and construction equipment. This increased demand for credit and equipment witnessed entry of new financiers and coupled with the inflationary trend, the margins have been under pressure. However, as your Company is well established in this business for over two decades no adverse situation is anticipated.

The prognosis for the year ahead is positive and the investments are coming in from both private and public sector in the infrastructure equipment. Expansion both geographically and increase in headcount has been planned and being implemented as well. The relationship between both shareholders Srei Infrastructure Finance Limited and BNP PARIBAS Leasing Solutions continues to be at the best terms and flow of best practices and cross selling opportunities are being exploited.

BUSINESS OUTLOOK AND FUTURE PLANS

Encouraged by the fact that the private sector is poised to contribute nearly 36 per cent of the total infrastructure investment of USD 514 billion during the Eleventh Five Year Plan (FYP), the government has taken up a more ambitious infrastructure creation drive for the Twelfth FYP (2012-17) where the total investment figure for infrastructure stands nearly doubled at USD 1 trillion and within that 50 per cent of the investment is expected to come from the private sector.

Government has taken some initiatives to address the various bottlenecks towards infrastructure creation. The Viability Gap Funding (VGF) mechanism to enhance financial viability of competitively bid PPP projects is one. India Infrastructure Finance Company Limited (IIFCL) has been set up to provide long-term debt with average maturity of ten years or more. It can provide subordinate debt. It can also extend refinance to banks and other eligible financial institutions for their loans to infrastructure projects and extend take-out finance thereby addressing the asset-liability mismatch problem of lender commercial banks to some extent. The UK subsidiary of IIFCL is also mandated to provide foreign currency loans to infrastructure projects in India. RBI is also allowing take-out financing of rupee loans through ECBs. The IIFCL is also putting in place a credit enhancement product aimed at lifting up credit ratings of bond issued by infrastructure companies by providing partial guarantee to these bonds. Enhancing ratings of these bonds to AA or higher will enable subscription from pension funds and insurance companies.

With an enhanced emphasis on infrastructure creation, your Company is well positioned and well capitalised to tap the opportunities and expand its business portfolio on equipment financing front. Your Company intends to increase its exposure to equipment financing significantly. However, the inflation rate and hence the interest rate would be closely monitored by the management of your Company. Depending on the cost of credit, the management would decide on a prudent mix of domestic and foreign resources in order to service its customers' needs in a cost-effective manner. Your Company is adequately geared up to meet the challenges that might unfold in the coming months.

RESOURCES

The treasury department of your Company continued to excel in their responsibility for providing sufficient liquidity while reducing interest cost and mitigating asset-liability mismatch. Contributing to a stable and profitable asset portfolio, your Company raised substantial resources at competitive rates from its lenders, comprising of one of the country's largest consortium of banks and domestic and international financial institutions. In spite of hardening interest rate scenario, liquidity stress and lost opportunity of interest arbitrage due to regulatory restrictions the company has been able to maintain average cost of borrowings close to 9 per cent.

Your Company enjoys a Working Capital fund based limit of ₹ 3884 crores from a consortium of 36 banks and a non-fund based limit of ₹ 834 crores. The total Working Capital limits mobilized during the year amounted to ₹ 1250 crores and fresh Term Loans mobilized during the year amounted to ₹ 1275 crores.

Despite the stressed foreign liquidity market, your Company was able to mobilize USD 90 million (equivalent of ₹ 411 crores) of External Commercial Borrowings (ECBs) during the year. Sanctions and approval for USD 32.5 million is also in hand.

Securitisation through direct assignment of receivables and issue of rated papers continues to remain an important source of liquidity for your Company. Total securitization done during the year amounted to ₹ 1717 crores.

The cost of borrowings was managed through the issue of short term debt instruments like Floating Rate Debentures and Bonds, Commercial Papers and Short Terms Loans from Banks and Institutions. Total retail funds mobilized throughout the year was ₹ 9915 crores.

To augment the capital fund base of your Company, Tier-II Capital in the form of Subordinated Debt aggregating to ₹ 175 crores was mobilized, driving the Capital Adequacy Ratio of your Company to 15.82 per cent as at 31st March, 2011 as against the RBI stipulated norm of 15 per cent for Asset Finance Companies. However, in order to improve the Capital adequacy ratio of your Company, it is proposed to infuse fresh capital upto a maximum aggregate amount of ₹ 100 Crores by way of equity contribution by both Srei Infrastructure Finance Limited (Srei) and BNP Paribas Lease Group (BPLG), the shareholders of your Company.

SOCIAL RESPONSIBILITY

Recognizing its social responsibility, your Company has contributed ₹ 50 lakh (Rupees Fifty lakh only) to 'Srei Foundation' during the financial year 2010-11. 'Srei Foundation' is a public charitable trust established with the objective of granting financial assistance to deserving and talented candidates. The Foundation also supports setting up of schools, colleges, medical and scientific research institutions.

SUBSIDIARY COMPANY

Srei Insurance Broking Private Limited (SIBPL), a wholly owned subsidiary of your Company has put in place a good professional team having domain knowledge and is focusing on growth segments like infrastructure, group health and liability lines of insurance as well as geographies to ensure healthy growth of business and revenue. There is an increased focus on tapping group synergies and servicing group claims to achieve scale and optimise recovery.

SIBPL is searching out SME / Corporate clients in the infrastructure domain and servicing their business. SIBPL is also aggressively pursuing group health business and has bagged various strategic accounts during the year.

In the life insurance domain SIBPL is aggressively following Group term life and Individual term life business in Kolkata and Delhi.

During the year under review, the license for acting as a Composite Insurance Broker of SIBPL was renewed by Insurance Regulatory and Development Authority (IRDA) for a further period of 3 (three) years w.e.f. 17.03.2010 to 16.03.2013.

During the year under review, SIBPL earned a total income of ₹ 284.56 lakh and profit before tax of ₹ 17.90 lakh (Previous year ₹ 194.17 lakh and ₹ 12.52 lakh respectively)

DIVIDEND

In order to conserve the resources of your Company, the Board of Directors of your Company does not recommend any dividend for the year ended 31st March, 2011.

FIXED DEPOSIT

Your Company is a Non-deposit taking Non Banking Financial Institution (NBFI) and accordingly has not accepted any fixed deposits during the year under review.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report and forms part of the Directors' Report.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTFLOW

Your Company has no activity relating to Conservation of Energy and Technology Absorption as stipulated in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988. However, your Company uses information technology extensively in its operations.

During the year under review, the total foreign exchange earnings and expenditure of your Company was ₹ 34 lakh (previous year ₹ 49 lakh) and ₹ 6,240 lakh (previous year ₹ 5,211 lakh) respectively.

DIRECTORS

During the year under review, Mr. Claude Crespin was appointed as an Additional Director of your Company in place of Mr. Frederic Amoudru w.e.f. 28th July, 2010. However, Mr. Claude Crespin stepped down as director of your Company w.e.f. 26th October, 2010 due to his personal preoccupation. The Board wishes to place on record deep appreciation of the contribution, active involvement, advice and guidance extended by him during his tenure as Director of your Company.

Mr. Salil K. Gupta stepped down as director of your Company w.e.f. 28th July, 2010 due to his personal preoccupation. The Board wishes to place on record deep appreciation of the contribution, active involvement, advice and guidance extended by him during his tenure as Director of your Company.

Mr. K. K. Mohanty was appointed as an Additional Director of your Company w.e.f. 28th July, 2010 and he shall hold office upto the date of the ensuing Annual General Meeting. Your Company has received a notice from a member pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. K. K. Mohanty for the office of director. Further, Mr. Kora Ipe Puthenpurockal was appointed as an Additional Director of your Company w.e.f. 26th October, 2010 and he shall hold office upto the date of the ensuing Annual General Meeting. Your Company has received a notice from a member pursuant to Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Kora Ipe Puthenpurockal for the office of director.

In accordance with the provisions of the Companies Act, 1956 and pursuant to the Articles of Association of your Company, none of the directors of your Company are required to retire by rotation in the ensuing Annual General Meeting.

AUDIT COMMITTEE

As required under Section 292A of the Companies Act, 1956, the Audit Committee of your Company presently comprises of Mr. Sunil Kanoria as Chairman, Mr. Thierry Bonetto, Mr. K. K. Mohanty and Mr. Kora Ipe Puthenpurockal, as Members of the Committee.

During the year under review, the Committee met 4 (four) times on 7th May, 2010, 28th July, 2010, 26th October, 2010 and 25th January, 2011.

WHISTLE BLOWER POLICY

During the year, your Company adopted a Whistle Blower Policy for the purpose of adhering to highest possible standards of ethical, moral and legal business conduct. It facilitates open communication and provides necessary safeguards for protection of employees from reprisals or victimization, for whistle blowing in good faith. Every employee of your Company is encouraged to escalate to the level of the Audit Committee any issue of concerns impacting and compromising with the interest of your Company and its stakeholders in any way.

DIRECTORS' RESPONSIBILTY STATEMENT

In terms of provisions of Section 217(2AA) of the Companies Act, 1956 (Act), your directors confirm that:

(i) in the preparation of the annual accounts for the year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the year and of the profit of the Company for that year;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Directors have prepared the annual accounts for the year ended 31st March, 2011 on a going concern basis.

AUDITORS

Messrs S. R. Batliboi & Co., Chartered Accountants, having Registration No. 301003E allotted by The Institute of Chartered Accountants of India (ICAI), retire as Auditors of your Company at the conclusion of the ensuing Annual General Meeting (AGM) and have confirmed their eligibility and willingness to accept the office of Auditors, if re-appointed. The Audit Committee and the Board of Directors of your Company recommend the re-appointment of Messrs S. R. Batliboi & Co., Chartered Accountants, as the Auditors of your Company. Members are requested to consider their re-appointment as Auditors of your Company to hold office from conclusion of ensuing AGM to the conclusion of next AGM on remuneration to be decided by the Board of Directors of your Company based on the recommendation of the Audit Committee.

ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the excellent support and co-operation received from Srei Infrastructure Finance Limited, BNP PARIBAS Leasing Solutions, Financial Institutions, Banks, Central & State Government Authorities, Reserve Bank of India, Credit Rating Agencies, Customers, Manufacturers, Suppliers, Vendors, Shareholders and other Stakeholders during the year under review. Your Directors also place on record their deep appreciation of the valuable contribution of the employees at all levels for the progress of your Company during the year and look forward to their continued co-operation in realisation of the corporate goals in the years ahead

On behalf of the Board of Directors

Place : Kolkata
Date : 18th May, 2011

Bertrand Gousset
Chairman

PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 referred to in the Directors' Report for the year ended 31st March, 2011 and forming part thereof

Sl. No.	Name	Age as on 31.03.2011	Designation	Qualification	Remuneration (₹)	Date of commencement of employment	Working Experience (years) (Total)	Previous Employment
1	Mr. Hemant Kanoria	48	Vice Chairman & Managing Director	B. Com (Hons)	22,114,467	02-04-2008	31	-
2	Mr. Sunil Kanoria	46	Joint Managing Director	B. Com (Hons), CA	22,364,435	02-04-2008	26	-
3	Mr. D. K. Vyas	42	Chief Executive Officer	B. Com, CA	11,662,000	01-04-1997	19	G. P. Agrawal & Co., Chartered Accountants
4	Mr. C. R. Sudharsanam	55	Chief Financial Officer	B. Com, ICWA, CA, CIMA	6,701,788	01-11-2008	29	BNP Paribas, Canada #
5	Mr. Manavjeet Singh	43	President	B. Com, MBA (Marketing & Finance)	5,523,697	01-06-2010	19	India Bulls Financial Services Ltd.*

*Employed for part of the year

Notes:

1 The aforesaid appointment is terminable by giving One / Three months Notice by either side excepting in # case where it is on contractual basis for 3 years.

2 Remuneration includes Basic Salary, Commission, House Rent Allowance, Special Allowance, LTA, Medical, Leave encashment, Employer's contribution to Provident Fund, Incentive and other perquisites.

3 Mr. Hemant Kanoria, Vice Chairman & Managing Director is related to Mr. Sunil Kanoria, Joint Managing Director of the Company.

4 None of the employees hold 2% or more of the paid-up share capital of the Company.

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AUDITORS' REPORT

To the Members,

Srei Equipment Finance Private Limited

1. We have audited the attached Balance Sheet of **Srei Equipment Finance Private Limited** ('the Company') as at March 31, 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that :

   i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the Directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as at March 31, 2011 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

      (a) in case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;

      (b) in case of the Profit and Loss Account, of the profit for the year ended on that date; and

      (c) in case of Cash Flow Statement, of the cash flows for the year ended on that date.

For **S.R. BATLIBOI & CO.**
Chartered Accountants
(Registration Number : 301003E)

Bhaswar Sarkar
Partner
(Membership No.55596)

Place : Kolkata
Date : May 18, 2011

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

Re: **Srei Equipment Finance Pvt. Ltd.** ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has physically verified a part of its fixed assets during the year but there is a regular programme of verification of fixed assets in a phased manner to cover all items over a period of three years which, in our opinion is reasonable having regard to the size of the Company and the nature of its assets. As informed, no material discrepancies were noticed on such verification of fixed assets during the year.

(c) There was no substantial disposal of fixed assets during the year.

(ii) The Company does not have any inventory and therefore, clause 4 (ii) of the Order is not applicable.

(iii) (a) As informed, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence, clauses 4 (iii) (b) to (d), of the Order are not applicable.

(b) As informed, the Company has not taken any loan, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and hence, clauses 4 (iii) (f) and (g) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.

(v) According to the information and explanations provided by the management, there has been no transaction that needs to be entered into the register maintained under Section 301 of the Companies Act, 1956. Therefore, clause 4(v) of the Order is not applicable.

(vi) As informed, the Company has not accepted any deposits from the public under the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Rules framed thereunder.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) The Company is not engaged in any manufacturing or mining activities, and thus, the provisions relating to maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956, are not applicable.

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service Tax, Customs Duty, Cess and other material statutory dues applicable to it. During the year, the Company did not have any dues towards Wealth Tax and Excise Duty.

Further, since the Central Governent has till date not prescribed the amount of Cess payable under Section 441 A of the Companies Act,1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Wealth-Tax, Service Tax, Sales-Tax, Customs Duty, Cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. During the year, there were no dues towards the Excise duty.

According to the records of the Company, the dues outstanding of Income-Tax, Sales-Tax, Wealth-Tax, Service Tax, Customs Duty, and Cess on account of any dispute, are as follows :

Name of Statute	Nature of dues	Amount (₹) in lakh	Period to which the amount relates	Forum where dispute is pending
UP Trade Tax Act, 1948	Sales Tax	7	1995-96 – 1999-00	Deputy Commissioner (Appeals), A.C Assessment, Trade Tax, Kanpur
Andhra Pradesh General Sales Tax Act 1957	Sales Tax	221	2001-02	High Court of Andhra Pradesh
Finance Act, 1994	Service Tax on financial and business auxiliary services, interest payments and utilization of cenvat credit	5322	2002-03 to 2008-09	High Court at Calcutta
WB-VAT	VAT on sale of fixed assets	29	2007-08	Appellate Authority, West Bengal
Income Tax Act, 1961	Income Tax	254	2007-08	CIT (Appeals), Kolkata

(x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceeding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

(xii) Based on our examination of the documents and records, we are of the opinion that the Company has maintained adequate records in respect of loans and advances granted primarily on the security of financial assets and backed by collateral security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order, are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order, are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares during the year to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.

(xix) According to the information and explanations given to us and the records examined by us, securities / charges have been created in respect of debentures issued by the Company. However in respect of debentures aggregating to ₹ 2,500 lakhss issued on March 29, 2011, the security / charge has been created subsequent to the Balance Sheet date.

(xx) The Company has not raised any money by public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S.R. BATLIBOI & CO.**
Chartered Accountants
(Registration No.301003E)

Bhaswar Sarkar
Partner
(Membership No. 55596)

Place : Kolkata
Date : May 18, 2011

Balance Sheet as at 31st March, 2011

(₹ in Lakhs)

	Schedule		2011		2010
SOURCES OF FUND					
Shareholders' Fund					
Share Capital	1	5,000		5,000	
Reserves and Surplus	2	105,457	110,457	92,378	97,378
Loan Fund					
Secured Loans	3	697,715		514,162	
Unsecured Loans	4	79,454	777,169	53,512	567,674
Deferred Tax Liability (net)			6,089		7,845
Total			**893,715**		**672,897**
APPLICATION OF FUND					
Fixed Assets	5				
Gross Block		74,176		52,691	
Less: Accumulated Depreciation/Amortisation		19,801		12,339	
Net Block			54,375		40,352
Investments	6		250		250
Current Assets, Loans and Advances					
Sundry Debtors	7	461		640	
Cash & Bank Balances	8	46,787		36,575	
Financial Assets	9	860,683		647,491	
Other Current Assets	10	180		135	
Loans & Advances	11	18,562		17,436	
		926,673		702,277	
Less: Current Liabilities and Provisions					
Current Liabilities	12	67,975		61,817	
Provisions	13	19,889		8,941	
		87,864		70,758	
Net Current Assets			838,809		631,519
Miscellaneous Expenditure	14		281		776
(to the extent not written off or adjusted)					
Total			**893,715**		**672,897**
Significant Accounting Policies and Notes to Accounts	20				

The Schedules referred to above form an integral part of the Balance Sheet.
As per our report of even date.

For **S.R. BATLIBOI & CO.**
Chartered Accountants
(Registration No.301003E)

On behalf of the Board of Directors

Bhaswar Sarkar
Partner
(Membership No.55596)

Bertrand Gousset
Chairman

Hemant Kanoria
Vice Chairman & Managing Director

D. K. Vyas
Chief Executive Officer

Place : Kolkata
Date : 18th May, 2011

CR Sudharsanam
Chief Financial Officer

Sanjay Chaurasia
Company Secretary

10 Lakhs is equal to 1 Million

Profit and Loss Account for the year ended 31st March, 2011

(₹ in Lakhs)

	Schedule	2011	2010
INCOME			
Income from Operations	15	119,173	87,259
Other Income	16	318	257
Total		**119,491**	**87,516**
EXPENDITURE			
Staff Expenses	17	6,537	4,277
Administrative & Other Expenses	18	7,791	5,270
Interest and Finance Charges	19	65,529	53,597
Depreciation/Amortisation		8,052	6,211
Miscellaneous Expenditure written off		436	145
Total		**88,345**	**69,500**
PROFIT BEFORE BAD DEBTS, PROVISIONS AND TAX		**31,146**	**18,016**
Bad Debts written off (Net of Recovery of ₹ 693 lakhs, (₹ 26 lakhs))		5,796	4,578
Provision for Non Performing Assets		1,943	-
Contingent Provisions against Standard Assets		2,082	-
Total		**9,821**	**4,578**
PROFIT BEFORE TAX		**21,325**	**13,438**
Provision for Tax:			
- Current Tax		7,884	2,254
- Income tax for for earlier years		2,118	-
- Deferred Tax Charge/(Credit) (including credit for earlier years ₹ 1,653 lakhs, (Nil))		(1,756)	2,479
PROFIT AFTER TAX		**13,079**	**8,705**
Surplus brought forward from previous year		9,770	4,240
PROFIT AVAILABLE FOR APPROPRIATION		**22,849**	**12,945**
APPROPRIATIONS			
Special Reserve (As per Reserve Bank of India Directions)		2,616	1,741
Debt Redemption Reserve created during the year		4,606	2,106
Less : Written back on Redemption		(607)	(672)
Surplus carried to Balance Sheet		16,234	9,770
Total		**22,849**	**12,945**
Earnings Per Equity Share (Basic and Diluted) (₹)		26.16	17.41
(Face Value ₹ 10/- per Equity Share)			
Significant Accounting Policies and Notes to Accounts	20		

The Schedules referred to above form an integral part of the Profit and Loss Account.
As per our report of even date.

For **S.R. BATLIBOI & CO.**
Chartered Accountants
(Registration No.301003E)

On behalf of the Board of Directors

Bhaswar Sarkar
Partner
(Membership No.55596)

Bertrand Gousset
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Chief Executive Officer

Place : Kolkata
Date : 18th May, 2011

CR Sudharsanam
Chief Financial Officer

Sanjay Chaurasia
Company Secretary

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Cash Flow Statement for the year ended 31st March, 2011

(₹ in Lakhs)

	2011	2010
A. Cash Flow from Operating Activities[1]		
Net Profit Before Tax	21,325	13,438
Adjustment for :		
Depreciation	8,052	6,211
Bad Debts written off (net)	5,796	4,578
Provision for Non Performing Assets	1,943	-
Contingent Provisions against Standard Assets	2,082	-
Profit/Loss on sale of Fixed Assets (net)	1,004	178
Interest & Finance Charges	65,529	53,597
Miscellaneous Expenditure Written off	436	145
Dividend Income from Current Investment (Non Trade)	(12)	-
Operating Profit before Working Capital Changes	**106,155**	**78,147**
Adjustments for:		
(Increase) / Decrease in Receivables/Others	(1,420)	8,508
(Increase) / Decrease in Financial Assets	(218,988)	(35,757)
(Decrease) / Increase in Trade Payables	6,063	3,578
(Increase) / Decrease in Fixed Deposit (Deposits with original maturity period of more than three months)	(7,880)	188
Cash Generated from Operations	**(116,070)**	**54,664**
Interest Paid(net of foreign exchange fluctuation)	(65,194)	(59,816)
Advance Tax	(2,925)	(905)
Net Cash (Used in) / Generated from Operating Activities	**(184,189)**	**(6,057)**
B. Cash Flows from Investing Activities		
Purchase of Fixed Assets	(23,995)	(8,204)
Purchase of Mutual Funds	(20,000)	-
Proceeds from Sale of Fixed Assets	1,009	168
Proceeds from Sale of Mutual Funds	20,012	-
Net Cash (Used) / Generated in Investing Activities	**(22,974)**	**(8,036)**
C. Cash Flows from Financing Activities		
Increase / (Decrease) in Debentures (net)	35,075	31,061
Increase / (Decrease) in Working Capital facilities (net)	119,735	(22,541)
Increase / (Decrease) in Other Loans (net)	54,685	11,145
Net Cash (Used) / Generated in Financing Activities	**209,495**	**19,665**
Net Increase / (Decrease) in Cash & Cash Equivalents	**2,332**	**5,572**
Cash & Cash Equivalents as on 01.04.2010	**8,316**	**2,744**
Cash and Cash Equivalents as on 31.03.11	**10,648**	**8,316**
Note :		
Components of Cash and Cash Equivalents:		
Cash on hand	140	80
In Current Account	8,448	2,830
Fixed Deposits with original maturity period being three months or less	2,060	5,406
(Receipts under lien with banks as security)	**10,648**	**8,316**
Cash and Bank Balances are represented by :		
Cash and Cash Equivalents	10,648	8,316
Fixed Deposits with original maturity period exceeding three months	36,139	28,259
(Receipts under lien with banks as security ₹ 36,079 Lakhs (₹ 28,259 Lakhs))	**46,787**	**36,575**

For **S.R. BATLIBOI & CO.**
Chartered Accountants
(Registration No.301003E)

On behalf of the Board of Directors

Bhaswar Sarkar
Partner
(Membership No.55596)

Bertrand Gousset
Chairman

Hemant Kanoria
Vice Chairman & Managing Director

D. K. Vyas
Chief Executive Officer

Place : Kolkata
Date : 18th May, 2011

CR Sudharsanam
Chief Financial Officer

Sanjay Chaurasia
Company Secretary

10 Lakhs is equal to 1 Million

Schedules to the Balance Sheet as at 31st March, 2011

(₹ in Lakhs)

		2011		2010
SCHEDULE 1 - SHARE CAPITAL				
Authorised				
50,000,000 Equity Shares of ₹ 10/- each		5,000		5,000
		5,000		**5,000**
Issued, Subscribed and Paid up				
50,000,000 Equity Shares of ₹ 10/- each		5,000		5,000
		5,000		**5,000**
SCHEDULE 2 - RESERVES & SURPLUS				
Capital Reserves				
As per Last Balance Sheet		31		31
Other Reserves:				
Debt Redemption Reserve				
As per Last Balance Sheet	4,106		2,672	
Add: Transfer from Profit and Loss Account	4,606		2,106	
Less : Transfer to Profit and Loss Account on Redemption	607	8,105	672	4,106
Special Reserve (as per Reserve Bank of India Directions)				
As per Last Balance Sheet	3,471		1,730	
Add: Transfer from Profit and Loss Account	2,616	6,087	1,741	3,471
Securities Premium Account				
As per Last Balance Sheet		75,000		75,000
Surplus - as per Profit & Loss Account		16,234		9,770
		105,457		**92,378**
SCHEDULE 3 - SECURED LOANS				
Debentures		114,432		85,457
Term Loans				
Rupee loans :				
From Banks		222,937		209,198
From Financial Institutions		8,318		11,178
Foreign Currency Loans :				
From Banks		123,683		98,178
From Financial Institutions		17,755		18,919
Working Capital Facilities (including Working Capital Demand Loans)				
From Banks				
In Rupees		198,535		85,325
In Foreign currency		11,680		5,155
Foreign Guaranteed Local Currency Bonds		375		750
Other Secured Loans		-		2
		697,715		**514,162**
SCHEDULE 4 - UNSECURED LOANS				
Debentures		1,900		8,300
Subordinated Debentures (Tier-II Capital)		42,500		30,000
Subordinated Loans (Tier-II Capital)				
Rupee Loans from Banks		5,001		-
Foreign Currency Loans from Financial Institutions		948		1,516
Short Term Loans :				
Rupee loans				
From Banks		25,000		-
Commercial Papers				
From Banks		963		2,820
Others		659		7,328
Inter Corporate Deposits		300		-
Other Loans :				
Foreign Currency Loans				
From Banks		540		1,355
From Financial Institutions		1,643		2,193
		79,454		**53,512**

10 Lakhs is equal to 1 Million

Schedules to the Balance Sheet as at 31st March, 2011

SCHEDULE 5 - FIXED ASSETS

(₹ in Lakhs)

Particulars	Gross Block				Depreciation/Amortisation				Net Block	
	As of April 1, 2010	Additions	Sales/ Adjustments	As of March 31, 2011	As of April 1, 2010	For the year	Less : On Sales/ Adjustments	As of March 31, 2011	As of March 31, 2011	As of March 31, 2010
Assets for Own use:										
Tangible Assets										
Freehold Land	4	-	-	4	-	-	-	-	4	4
Buildings	527	-	455	72	24	6	25	5	67	503
Furniture & Fixtures	1,947	18	440	1,525	351	181	144	388	1,137	1,596
Motor Vehicles	153	2	-	155	33	16	-	49	106	120
Computer & Office Equipments	962	105	197	870	306	191	115	382	488	656
Total (A)	**3,593**	**125**	**1,092**	**2,626**	**714**	**394**	**284**	**824**	**1,802**	**2,879**
Intangible Assets										
Softwares	363	199	8	554	183	94	8	269	285	180
Tenancy Right	8	-	-	8	4	2	-	6	2	4
Total (B)	**371**	**199**	**8**	**562**	**187**	**96**	**8**	**275**	**287**	**184**
Total (C) (A+B)	**3,964**	**324**	**1,100**	**3,188**	**901**	**490**	**292**	**1,099**	**2,089**	**3,063**
Assets on Operating Lease:										
Tangible Assets										
Aircrafts	2,141	-	1,335	806	304	51	195	160	646	1,837
Earthmoving Equipments	6,657	1,994	-	8,651	1,979	946	-	2,925	5,726	4,678
Motor Vehicles	16,519	4,372	168	20,723	6,414	3,471	103	9,782	10,941	10,105
Plant & Machinery	2,788	8,854	-	11,642	282	806	-	1,088	10,554	2,506
Wind Mills	15,474	-	-	15,474	1,948	866	-	2,814	12,660	13,526
Computers	1,862	7,831	-	9,693	227	957	-	1,184	8,509	1,635
Furniture and Fixtures	1,500	567	-	2,067	204	93	-	297	1,770	1,296
Total (D)	**46,941**	**23,618**	**1,503**	**69,056**	**11,358**	**7,190**	**298**	**18,250**	**50,806**	**35,583**
Intangible Assets										
Softwares	1,786	146	-	1,932	80	372	-	452	1,480	1,706
Total (E)	**1,786**	**146**	**-**	**1,932**	**80**	**372**	**-**	**452**	**1,480**	**1,706**
Total (F) (D+E)	**48,727**	**23,764**	**1,503**	**70,988**	**11,438**	**7,562**	**298**	**18,702**	**52,286**	**37,289**
Grand Total (C+F)	**52,691**	**24,088**	**2,603**	**74,176**	**12,339**	**8,052**	**590**	**19,801**	**54,375**	**40,352**
Previous Year's Total	46,558	6,722	589	52,691	6,371	6,211	243	12,339	40,352	

SCHEDULE 6 - INVESTMENTS

(₹ in Lakhs)

Particulars			Amount	
	No. of Equity Shares	Face Value Per Share (₹)	As at 31 March, 2011	As at 31 March, 2010
In Subsidiary Company				
Long Term - Non Trade (Unquoted, Fully Paid up)				
Srei Insurance Broking Private Ltd.	2,500,000	10	250	250
Total			**250**	**250**
Aggregate Book Value of Unquoted Investment			**250**	**250**

Note : Besides the above, the following Mutual Fund units costing ₹ 20,000 Lakhs were purchased and sold during the year.

Name of Security	Purchase Qty. (In Nos.)	Sale * Qty. (In Nos.)	Cost (₹ in Lakhs)
Reliance Liquidity Fund - Daily Dividend Reinvestment Option (Face Value of ₹ 10 per unit, Fully paid up)	199,898,052	200,015,433	20,000
			20,000
* Includes 117,381 units received on reinvestment of dividends			

10 Lakhs is equal to 1 Million

Schedules to the Balance Sheet as at 31st March, 2011

(₹ in Lakhs)

	2011	2010
SCHEDULE 7 - SUNDRY DEBTORS		
Sundry Debtors Operating Lease (Unsecured)		
Outstanding for more than six months		
Considered Good	56	-
Considered Doubtful	68	177
Other Debts		
Considered Good	395	613
	519	790
Less : Provision for Doubtful Debts	58	150
	461	**640**
SCHEDULE 8 - CASH AND BANK BALANCES		
Cash on hand	140	80
With Scheduled Banks		
- In Current Account	8,448	2,830
- In Fixed Deposit Account		
(Receipts under lien ₹ 38,139 Lakhs (₹ 33,665 Lakhs) with banks as security)	38,199	33,665
	46,787	**36,575**
SCHEDULE 9 - FINANCIAL ASSETS		
(Secured, Considered good, unless otherwise stated)		
Financial Assets (Gross) (Refer Note No.II 3 of Schedule 20)*	860,683	647,491
* Includes Non Performing Assets of ₹ 27,934 Lakhs (₹ 17,161 Lakhs)		
	860,683	**647,491**
SCHEDULE 10 - OTHER CURRENT ASSETS		
Interest accrued on Fixed deposits	180	135
	180	**135**
SCHEDULE 11 - LOANS & ADVANCES		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received or pending adjustments.	14,793	8,763
Balances with Service Tax/VAT Authorities etc	1,998	1,488
Security Deposits	1,771	6,606
MAT credit entitlement	-	579
	18,562	**17,436**
SCHEDULE 12 - CURRENT LIABILITIES		
Acceptances	14,055	1,567
Sundry Creditors for Supplies, Services, Expenses etc		
- Micro, Small & Medium Enterprises	-	-
- Others	41,485	51,799
Other liabilities	6,978	3,329
Interest accrued but not due on loans	5,457	5,122
	67,975	**61,817**
SCHEDULE 13 - PROVISIONS		
For Taxation [(net of Advance tax/Tax deducted at source of ₹ 5,792 lakhs) (₹ 2,868 lakhs)]	6,572	74
For Non Performing Assets	10,532	8,497
Contingent Provisions against Standard Assets	2,082	-
For Gratuity	291	176
For Leave	412	194
	19,889	**8,941**
SCHEDULE 14 - MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Opening Balance	776	444
Add : Additions/(Adjustments)	(59)	477
	717	921
Less: Amortised	436	145
Closing Balance	**281**	**776**

10 Lakhs is equal to 1 Million

Schedules to the Profit and Loss Account for the year ended 31st March, 2011

(₹ in Lakhs)

	2011	2010
SCHEDULE 15 - INCOME FROM OPERATIONS		
Income from Financial Assets -Gross *	105,504	76,161
Income from Operating Leases	11,939	8,361
Interest on Fixed Deposits - Gross *	1,730	2,562
Gain on Sale of Pass Through Certificates	-	175
* [Including Tax deducted at Source ₹ 586 Lakhs, (₹ 815 Lakhs)]		
	119,173	**87,259**
SCHEDULE 16 - OTHER INCOME		
Dividend Income from Current Investments (Non Trade)	12	-
Rental Income	283	255
Other Income	23	2
	318	**257**
SCHEDULE 17 - STAFF EXPENSES		
Salaries and Bonus	5,453	3,497
Contribution to Provident and Other Funds	270	186
Gratuity	177	93
Staff Welfare Expenses	193	100
Managerial Remuneration (Refer Note No.II 12 of Schedule 20)	444	401
	6,537	**4,277**
SCHEDULE 18 - ADMINISTRATIVE & OTHER EXPENSES		
Communication Expenses	224	235
Legal & Professional Fees	1,307	1,048
Rent	1,473	996
Rates and Taxes	21	20
Brokerage and Service Charges	975	273
Auditors' Remuneration	71	48
Repairs -Machinery	312	313
Others	269	207
Travelling and Conveyance	1,262	1,073
Director's Sitting Fees	1	2
Insurance	28	8
Printing and Stationery	97	78
Advertisement and Subscription	104	243
Charity and Donations	69	43
Profit/Loss on sale of Fixed Assets (net)	1,004	178
Miscellaneous Expenses	574	505
	7,791	**5,270**
SCHEDULE 19 - INTEREST AND FINANCE CHARGES		
Interest on Fixed Loans :		
- Debentures	10,553	9,956
- Others	35,731	30,575
Interest on Working Capital Facilities including Working Capital Demand Loans	11,719	6,989
Interest on Others	130	1,702
Financial Charges	7,396	4,375
	65,529	**53,597**

10 Lakhs is equal to 1 Million

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 20 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared in conformity with generally accepted accounting principles in India to comply in all material respects with the notified Accounting Standards ('AS') under the Companies (Accounting Standard) Rules, 2006, as amended, the relevant provisions of the Companies Act, 1956 ('the Act') and the guidelines issued by the Reserve Bank of India ('RBI') as applicable to a "Non Deposit Accepting or Holding" Non Banking Financial Company ('NBFC'). The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies applied by the Company are consistent with those used in the previous year except those stated otherwise.

(b) Use of estimates

The preparation of financial statements in conformity with the generally accepted accounting principles in India requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from these estimates. Any revisions to the accounting estimates are recognized prospectively in the current and future years.

(c) Fixed Assets and Depreciation/Amortisation

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation / amortisation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Intangible Assets expected to provide future enduring economic benefits are stated at cost less amortization. Cost comprises purchase price and directly attributable expenditure on making the asset ready for its intended use.

Depreciation/Amortisation

Depreciation/Amortisation is provided on Straight Line Method ('SLM'), which reflects the management's estimate of the useful lives of the respective fixed assets and the rates derived from such useful lives are greater than or equal to the corresponding rates prescribed in Schedule XIV to the Act.

Fixed Assets costing up to ₹ 5,000/- are depreciated fully over a period of 12 months from the date of purchase.

Depreciation on assets purchased / sold during the year is recognized on a pro-rata basis.

Lease hold assets including improvements are amortised over the period of the lease.

Impairment of Assets

The carrying amount of assets is reviewed at each balance sheet date to determine if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

Borrowing Costs

Borrowing costs relating to the acquisition / construction of qualifying assets are capitalized until the time all substantial activities necessary to prepare the qualifying assets for their intended use are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs including exchange differences to the extent they are regarded as an adjustment to interest costs, are charged to revenue.

Ancillary cost of borrowings are amortised over the life of the underlying borrowings.

(d) Operating Leases

Assets given on operating leases are included in fixed assets. Lease income is recognised in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation are recognised as an expense in the Profit and Loss Account. Initial direct costs incurred before the asset is ready to be put to use, are included in the cost of the asset and those incurred after the the asset is ready to be put to use, are recognised immediately in the Profit and Loss Account

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 20 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

(e) Investments

Investments intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and market value / realisable value determined category wise. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline, other than temporary, in the value of the investments.

(f) Financial Assets

(i) Financial Assets include assets under Loan / Hypothecation facility. These are shown net of assets securitized.

(ii) Financial Assets are valued at net investment amount including installments fallen due and are net of unmatured/unearned finance charges etc. and includes interest accrued but not due and assets acquired in satisfaction of debt.

(g) Provisioning / Write-off of assets

The Company makes provision for Standard and Non-Performing Assets (NPAs) as per the Non- Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998, as amended from time to time. The Company also makes additional provision towards financial assets, based on the management's best estimate.

Financial assets overdue for more than four years, as well as those, which, as per the management are not likely to be recovered, are considered as bad debts and written off in the accounts.

(h) Foreign currency Transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement or reporting of monetary items at rates different from those at which they were initially recorded during the period or reported in previous financial statements and / or on conversion of monetary items, are recognized as income or expenses in the year in which they arise.

Forward Exchange Contracts (not intended for trading or speculation purpose)

The premium or discount arising at the inception of forward exchange contracts is amortized as expenses or income over the life of the respective contracts. Exchange differences on such contracts are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or expense for the year.

Derivatives and Hedges

In terms of the announcement made by the Institute of Chartered Accountants of India, the accounting for derivative contracts (other than those covered under AS-11) is done based on the "marked to market" principle on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedged item is charged to the Profit & Loss Account. Net gains are ignored as a matter of prudence.

(i) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Income from Operations is recognized in the Profit and Loss Account on accrual basis as stated herein below except in the case of non-performing assets where it is recognized, upon realization, as per the Prudential Norms / Directions of the Reserve Bank of India, applicable to Non-Banking Financial Companies.

(a) Income from financial assets is recognized based on the internal rate of return to provide a constant periodic rate of return on the net investment outstanding over the period of the contract or as per the terms of the contract.

(b) Income from operating lease is recognized as rentals (net of value added tax), on straight line basis over the period of the lease.

(c) Fees on processing of loans are recognized when a binding obligation for granting loan has been entered into.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 20 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

(d) Delayed payment interest / change in interest pursuant to benchmark interest rate revision are accrued, due to uncertainty of realisation, only to the extent of probable recovery, as per the best estimate of the management.

(e) Gains arising on securitization/assignment of assets are recognized over the tenure of agreements as per guideline on securitization of standard assets issued by RBI, while loss, if any is recognised upfront. These are considered as income from financial assets under the head income from operations.

(f) Interest income on fixed deposits/margin money is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

(g) Dividends - Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date. However, Dividend from subsidiaries is recognised even if the same are declared after the balance sheet date but pertains to period on or before the date of balance sheet, as per the requirement of schedule VI to the Companies Act, 1956.

(j) Retirement and other employee benefits

(a) Employee benefits in the form of Provident Fund and Employee State Insurance are defined contribution plans and these contributions are charged to Profit and Loss Account in the year when these become due to the respective authorities.

(b) Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation under projected unit credit method at the balance sheet date.

(c) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation as per projected unit credit method at the Balance Sheet date.

(d) Actuarial gains/losses are immediately taken to the profit and loss account and are not deferred.

(k) Income tax

Tax expense comprises of current (net of Minimum Alternate Tax (MAT) credit entitlement) and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities. The deferred tax assets and deferred tax liabilities relate to the taxes on income levied by the same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

(l) Segment reporting

The Company's operating businesses are organized and managed separately according to the nature of facilities provided, with each segment representing a strategic business unit that offers different facilities and serves different markets. The analysis of geographical segments is based on the areas in which customers of the Company are located.

(m) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 20 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

(n) Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

(o) Cash and cash equivalents

Cash and cash equivalents in the cash flow statement comprise of cash at bank and in hand, cheques on hand, remittances in transit and short term investments with an original maturity of three months or less.

(p) Debt Redemption Reserve

The Company issues Tier II Capital in the form of subordinated debentures / loans etc. and creates debt redemption reserve for redemption threreof, as a matter of prudence.

(q) Assets under Management

Contracts securitized or assigned or co-branded are derecognized from the books of accounts. Contingent liabilities, if any, thereof are disclosed separately.

(r) Miscellaneous Expenditure (to the extent not written off / adjusted)

The above expenses incurred on issue of Equity Shares, Global Depository Receipts (GDRs), Long Term Bonds and Debentures, are amortized as follows:-

(i) Expenses on issue of Equity Shares and GDRs are amortized over a period of ten years.

(ii) Expenses on issue of Bonds and Debentures are amortized over the tenure of the respective Bonds and Debentures.

II. Notes to Accounts

1. Loan Funds

i) Secured Loans

a) Working Capital facilities from banks are secured by hypothecation of assets covered by hypothecation loan agreements with the customers and receivables arising there from ranking pari passu (excluding assets which are specifically charged to others) and counter guarantee by two of the Directors in certain cases.

b) Term loans from Banks and Financial Institutions are secured by hypothecation of specific assets covered by hypothecation loan agreements with customers and receivables arising therefrom and counter guarantee by two of the Directors in certain cases.

c) Foreign Guaranteed Local Currency Bonds {AAA(SO) rated by CRISIL} of ₹ 375 lakhs (₹ 750 lakhs) represents the balance amount of bonds allotted on 18 October, 2001 is being redeemed in equal semi-annual installments that have commenced from 18 April, 2004 with final maturity on 18 October, 2011. The guarantee provided by Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V (FMO), Netherlands for the said bonds is secured by assets covered by lease/hypothecation loan agreements with the customers

d) The aggregate amount of privately placed non convertible debentures as on 31 March 2011 is ₹ 114,432 lakhs (₹ 85,457 lakhs) which are redeemable at par. Details of such debentures are given below:

(A) CARE PR1 + Rating Category:

(₹ in Lakhs)

Date of Allotment	Face Value (₹)	As at 31st March, 2011	As at 31st March, 2010	Earliest Redemption Date
17 September 2009	10,00,000	-	5,000	Redeemed during the year
29 September 2009	10,00,000	-	5,000	Redeemed during the year
1 October 2009	1,00,000	-	5,000	Redeemed during the year
28 October 2009	1,00,000	-	5,000	Redeemed during the year
10 March 2010	10,00,000	-	3,330	Redeemed during the year
6 May 2010	10,00,000	#4,000	-	4 May 2011
21 June 2010	1,00,000	*1,000	-	21 June 2011
29 November 2010	10,00,000	#5,000	-	28 November 2011
Sub Total (A)		**10,000**	**23,330**	

#Secured by way of pari passu charge on the Company's immovable property located at Pune and exclusive first charge on receivables from financial assets of the Company.

*These debentures are secured by carve out from the security provided for tied up working capital facility.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 20 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

(B) CARE AA Rated Paper:**

(₹ in Lakhs)

Date of Allotment	Face Value (₹)	As at 31st March, 2011	As at 31st March, 2010	Earliest Redemption Date
14 August 2007	10,00,000	-	835	Redeemed during the year
11 September 2008	10,00,000	-	2,800	Redeemed during the year
16 September 2008	10,00,000	5,000	5,000	16 September 2011
10 October 2008	10,00,000	3,000	3,000	10 October 2011
10 October 2008	10,00,000	2,000	2,000	10 October 2011
Sub Total (B)		**10,000**	**13,635**	

**Secured by way of pari passu charge on the Company's immovable property located at Pune and exclusive first charge on receivables from financial assets of the Company.

(C) FITCH AA(ind) Rated Paper *

(₹ in Lakhs)

Date of Allotment	Face Value (₹)	As at 31st March, 2011	As at 31st March, 2010	Earliest Redemption Date
27 August 2009 **	1,00,000	25,150	25,150	26 August 2012***
27 August 2009 **	1,00,000	697	697	26 August 2012
27 August 2009 **	1,00,000	2,475	2,475	26 August 2014
4 January 2010	10,00,000	1,500	1,500	25 July 2011
6 January 2010	10,00,000	500	500	2 November 2012
15 January 2010	10,00,000	3,500	3,500	26 December 2011
10 March 2010	10,00,000	3,340	3,340	10 March 2013
10 March 2010	10,00,000	3,330	3,330	10 March 2012
25 March 2010	10,00,000	3,000	3,000	15 September 2011
25 March 2010	10,00,000	1,500	1,500	6 September 2011
30 March 2010	10,00,000	3,500	3,500	29 March 2013
19 April 2010	10,00,000	3,000	-	28 May 2012
12 May 2010	10,00,000	500	-	28 March 2012
13 August 2010	10,00,000	18,500	-	13 August 2013
1 October 2010	10,00,000	1,000	-	22 March 2012
4 November 2010	1,00,000	1,500	-	2 May 2012
17 January 2011	10,00,000	200	-	10 January 2013
24 February 2011	10,00,000	1,760	-	24 April 2012
8 March 2011	10,00,000	500	-	30 January 2013
8 March 2011	10,00,000	500	-	16 January 2014
9 March 2011	10,00,000	180	-	6 March 2013
10 March 2011	10,00,000	3,000	-	14 June 2012
10 March 2011	10,00,000	1,000	-	9 February 2013
14 March 2011	10,00,000	6,200	-	18 May 2012
14 March 2011	10,00,000	3,000	-	2 July 2012
14 March 2011	10,00,000	2,600	-	6 June 2012
29 March 2011	10,00,000	2,500	-	2 July 2012
Sub Total (C)		**94,432**	**48,492**	
Total (A+B+C)		**1,14,432**	**85,457**	

*Secured by way of pari passu charge on the Company's immovable property located at Pune and exclusive first charge on receivables from financial assets of the Company.

**Also rated 'CARE AA' by CARE

***Put/Call Option on 26 August, 2012 and original maturity date on 26 August, 2014

e) Secured Loans from Banks and Financial Institutions include ₹ 34,872 lakhs (as at 31st March, 2010 : ₹ 133,164 lakhs) guaranteed by two of the Directors of the Company.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 20 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

ii) Unsecured Loans

a) Unsecured Subordinated Redeemable Non Convertible Debentures (Tier II Capital)

During the year, the Company has issued Unsecured Subordinated Redeemable Non Convertible Debentures on Private Placement basis for cash at par forming part of Tier II Capital aggregating ₹ 12,500 lakhs (₹ 20,000 lakhs).

The aggregate amount of subordinated debentures which are redeemable at par / face value is ₹ 42,500 lakhs (₹ 30,000 lakhs) as at the balance sheet date.

Details of privately placed Unsecured Subordinated Redeemable Non Convertible Debentures are given below:

(₹ in Lakhs)

Date of Allotment	No. of Debentures	Face Value (₹)	As at 31st March 2011	As at 31st March 2010	Date of Redemption
3 August 2007	1000	10,00,000	10,000	10,000	3 August 2017
24 December 2009	1000	10,00,000	10,000	10,000	24 December 2019
19 March 2010	255	10,00,000	2,550	2,550	19 March 2020
31 March 2010	745	10,00,000	7,450	7,450	31 March 2020
26 October 2010	500	10,00,000	5,000	-	26 April 2016
31 March 2011	500	10,00,000	5,000	-	31 March 2018
31 March 2011	250	10,00,000	2,500	-	30 September 2016
Total			**42,500**	**30,000**	

b) Unsecured Subordinated Loan (Tier II Capital)

a) During the year, the Company has issued Tier II Capital in the form of Unsecured Subordinated Loan of ₹ 5,000 lakhs on 31st March 2011 repayable on 30th September 2016.

b) Tier II Capital also includes ₹ 948 lakhs (₹ 1,516 lakhs) being their balance against loan of 5 Million Euros received during 2002-03 in the form of unsecured subordinated loan repayable in ten semi annual equal installments with moratorium of first five years.

c) Other privately placed unsecured debentures:

The details of other unsecured non convertible debentures are as below :

(A) ICRA A1+ Rated Paper:

(₹ in Lakhs)

Date of Allotment	Face Value (₹)	As at 31st March, 2011	As at 31st March, 2010	Earliest Redemption Date
24 September 2010	10,00,000	400	-	23 September 2011
4 October 2010	10,00,000	1,500	-	4 October 2011
Sub Total (A)		**1,900**	**-**	

(B) CARE PR1 + Rating Category:

(₹ in Lakhs)

Date of Allotment	Face Value (₹)	As at 31st March, 2011	As at 31st March, 2010	Earliest Redemption Date
29 September 2009	1,00,000	-	1,500	Redeemed during the year
5 October 2009	1,00,000	-	5,000	Redeemed during the year
24 February 2009	1,00,000	-	1,500	Redeemed during the year
12 March 2010	1,00,000	-	300	Redeemed during the year
Sub Total (B)		**-**	**8,300**	
Grand Total (A+B)		**1,900**	**8,300**	

d) Commercial Papers outstanding as at 31st March, 2011 amount to ₹ 1,622 lakhs (₹ 10,148 lakhs). Maximum amount outstanding at any time during the year was ₹ 68,700 lakhs (₹ 15,000 lakhs).

e) Following amounts are repayable within one year:

(i) Unsecured non convertible debenture ₹ 1900 lakhs (₹ 8,300 lakhs)

(ii) Short term Unsecured Loans and Advances from Banks ₹ 25,000 lakhs (₹ Nil)

(iii) Other Unsecured Foreign currency loans from Banks and Financial Institutions ₹ 1,096 lakhs (₹ 1,264 lakhs).

(iv) Short term Unsecured Loans and Advances representing Inter-corporate deposit ₹ 300 lakhs (₹ Nil).

(v) Commercial Papers repayable within one year amount to ₹ 1,622 lakhs (₹ 10,148 lakhs).

(vi) Unsecured Subordinated foreign currency loans from Financial Institution repayable within one year amount to ₹ 645 lakhs (₹ 606 lakhs).

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 20 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

2. Assets under Management

i) Securitization

In terms of Reserve Bank of India Guidelines on securitization of assets issued on 1 February 2006, details of financial assets securitized by the Company during the year are as under:

(₹ in lakhs, except in respect of total number of contracts)

Particulars	2010-11	2009-10
Total number of contracts securitized	369	927
Book Value of contracts securitized	27,367	58,445
Sales consideration	27,367	58,445
Gain/(Loss) (net) on securitization	-	-
Subordinated assets as on balance sheet date	-	-
Particulars	**As at 31st March, 2011**	**As at 31st March, 2010**
Bank/Other deposits provided as collateral as on balance sheet date	5,127	7,738
Credit enhancements provided by third parties;		
- First loss facility	2,925	1,345
- Second loss facility	5,379	6,774

ii) Assignment of Receivables

During the year, the Company has assigned financial assets to the extent of ₹ 144,318 lakhs (₹ 84,443 lakhs) for purchase consideration of ₹ 144,318 lakhs (₹ 84,443 lakhs). Assets assigned are derecognized from the books of account. The Company has provided corporate guarantee as separately stated in Note no. 13 and bank deposits of ₹ 31,063 lakhs (₹ 22,691 lakhs) as collateral against these contracts outstanding at the year end.

iii) Co-Branded Arrangements:
During the year, there were no new agreements with Bank/ Financial Institutions to make disbursement on their behalf. Hence, no such disbursement was made by the Company during the year (₹ Nil).

iv) The Aggregate amount of assets derecognized/loan originated in terms of paragraph 2(i) to 2(iii) as above that are Assets Under Management of the Company are as under :

(₹ in Lakhs)

Particulars	Amount Outstanding as at	
	31st March, 2011	31st March, 2010
Securitization	27,258	45,758
Assignment of Receivables	187,734	117,059
Co-Branded Arrangements	434	1,936
Total	**215,426**	**164,753**

3. Provision for Non Performing Assets (NPAs) has been made in the financial statements according to the Prudential Norms prescribed by the Reserve Bank of India (RBI). Additional provision on Standard assets has also been made during the year as per the new requirement of RBI on Standard assets. Further, financial assets over due for more than four years, as well as those, which, as per the management are not likely to be recovered are considered as bad debts and written off in the accounts. The Company has made additional provision towards financial assets, based on management's best estimate as stated below, unlike previous year when such provision on financial assets were made as per the norms of Foreign Financial Institutions (FFIs):

Particulars	Opening as at 1st April, 2010	Charged to Profit & Loss Account	Closing as at 31st March, 2011
Provision for Non Performing Assets as per RBI	1,662	(376)	1,286
Provision on Standard Assets as per RBI	-	2,082	2,082
Additional Provision as per management estimates	* 6,985	2,319	9,304
Bad debts written off	-	6,489	-
Bad debts recovery	-	(693)	-
Total	**8,647**	**9,821**	**12,672**

* represents opening provision as per FFI norms carried forward

Had the Company continued to recognize the Provision for Non Performing Assets in accordance with FFI norms, the charge to the Profit & Loss Account for the year would have been lower by ₹ 5,023 lakhs.

4. Interest income in respect of financial assets (including assets under management) has been recognized up to the Balance Sheet date, as against the erstwhile practice of interest accrual till the last installments falling due before the Balance Sheet date. As a result of this, interest income of ₹ 7,103 lakhs for the period from installment date till the Balance Sheet date has been recognized

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 20 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

in the accounts, while such income accounted for during the year, for the period up to 31st March, 2010 is ₹ 4,988 lakhs.

5. In respect of certain assets given on operating lease, the Company based on the management's experience has revisited the useful life of these assets, whereby the depreciation now has been provided as per Schedule XIV of the Companies Act, 1956. As a result of this change in estimate, the depreciation for the current year is lower by ₹ 765 lakhs (net of depreciation for earlier years ₹ 622 lakhs).

6. The Company's obligation in respect of long term compensated absences for employees, which hitherto, was being recognized on actual basis, has been accounted for on the basis of actuarial valuation, resulting in a decrease in profit for the year by ₹ 155 lakhs.

7. **Disclosure in respect of leasing arrangements**

a) In the capacity of Lessee

(i) The Company has certain cancellable operating lease arrangements for office premises which generally, range between 11 months to 9 years, and are usually renewable by mutual consent on mutually agreeable terms. Lease payments charged to the Profit and Loss Account during the year in respect of lease arrangements referred to above aggregate to ₹ 1,431 lakhs (₹ 295 lakhs).

(ii) In addition to the above, the Company also has certain non-cancellable operating lease arrangements for office premises which, generally range between 2 to 9 years, and are usually renewable by mutual consent on mutually agreeable terms. Total lease payments aggregating to ₹ 42 lakhs (₹ 700 lakhs) for the year in respect of such arrangements has been recognized in the Profit & Loss Account. The future lease payments in respect of the above non cancellable operating leases are as follows:

(₹ in Lakhs)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Not later than one year	149	693
Later than one year and not later than five years	335	359
Later than five years	-	-

None of the operating lease agreements entered by the Company have clause of contingent rent payment and hence the Company has not paid any contingent rent in current and previous year.

(iii) Sub lease payments received or receivable recognized in the Profit and Loss Account for the year ended 31 March, 2011 aggregates to ₹ 283 lakhs (₹ 255 lakhs).

b) In the capacity of Lessor

Assets given on operating lease are for periods ranging from 1 year to 12 years. These agreements for operating leases do not have clause for contingent rent.

The future minimum lease receivables in respect of non-cancellable operating leases are as follows:

(₹ in Lakhs)

Particulars	As at 31st March, 2011	As at 31st March, 2010
Not later than one year	14,860	9,747
Later than one year and not later than five years	34,958	19,831
Later than five years	8,492	9,664

8. **Disclosure regarding employee benefits:**

Gratuity benefits to employees have been funded under separate arrangement with the Life Insurance Corporation of India (LIC). The compensated absences plan is an unfunded plan of the Company.

a) Expenses recognized in the profit and loss account are as follows:

(₹ in Lakhs)

Particulars	Gratuity		Leave
	2010-11	2009-10	2010-11
Current service cost	87	58	228
Interest cost	23	19	11
Expected return on plan assets	(13)	(7)	-
Past Service Cost	15	49	-
Net actuarial losses/(gains)	65	(26)	94
Net benefit expense	**177**	**93**	**333**
Actual return on plan assets	9.25%	9.15%	N.A.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 20 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

b) Net Liability recognized in the Balance Sheet are as follows:

(₹ in Lakhs)

Particulars	Gratuity		Leave
	As at 31st, March 2011	As at 31st, March 2010	As at 31st, March 2011
Defined benefit obligation	468	283	412
Fair value of plan assets	(177)	(107)	-
Net liability	291	176	412

c) Changes in the present value of the defined benefit obligation are as follows:

(₹ in Lakhs)

Particulars	Gratuity		Leave
	As at 31st, March 2011	As at 31st, March 2010	As at 31st, March 2011
Opening defined benefit obligation	283	185	194
Interest cost	23	19	11
Current service cost	87	58	228
Benefit paid	(5)	(2)	(115)
Actuarial losses/(gains)	65	(26)	94
Plan Amendments	15	49	-
Closing defined benefit obligation	**468**	**283**	**412**

d) The details of fair value of plan assets as on the Balance Sheet date are as follows:

(₹ in Lakhs)

Particulars	Gratuity	
	2010-11	2009-10
Opening fair value of plan assets	107	57
Expected return on plan assets*	13	7
Contribution by the Company	62	46
Benefits paid	(5)	(2)
Actuarial (losses)/ gains	-	(1)
Closing fair value of plan assets	**177**	**107**

* Determined based on government bond rate.

e) The principal assumptions used in determining the gratuity and leave liability are as shown below:

Particulars	Gratuity	
	2010-11	2009-10
Discount rate (%)	8.40%	8.30%
Return on Plan Assets (Gratuity Scheme)	9.25%	9.15%
Mortality Rate	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate

f) The amounts for the current and previous years are as follows:

(₹ in Lakhs)

Particulars	Gratuity				Leave
	31st March, 2011	31st March, 2010	31st March, 2009	31st March, 2008	31st March, 2011
Defined benefit obligation	468	283	185	117	412
Fair value of plan assets	177	107	57	47	-
Deficit	291	176	128	70	412
Experience adjustments on plan liabilities – gains / (losses)	(72)	21	(5)	(15)	(95)
Experience adjustments on plan assets – gains / (losses)	-	-	-	-	-

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 20 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

g) The estimate of future salary increase, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employee market.

h) The Company expects to contribute ₹ 100 lakhs to gratuity fund in the year 2011-12.

i) The amount provided for defined contribution plan is as follows:

(₹ in Lakhs)

Particulars	2010-11	2009-10
Provident Fund	289	211
Employees State Insurance	10	4

9. No interest was payable by the Company during the year to the 'Suppliers' covered under the Micro, Small and Medium Enterprise Development Act, 2006. The above information takes into account only those suppliers who have responded to enquiries made by the Company for this purpose.

10. In terms of Accounting Standard 22, net deferred tax asset (DTA) of ₹ 1,756 lakhs (Deferred Tax Liability of ₹ 2,479 lakhs) has been recognized during the year and consequently the net DTL as at March 31, 2011 stands at ₹ 6,089 lakhs (as at March 31, 2010 : ₹ 7,845 lakhs).

The break-up of major components of such net DTL is as follows:-

(₹ in Lakhs)

Sl. No.	Components of Deferred Tax	As at 31st March, 2011 (Asset) / Liability	As at 31st March, 2010 (Asset) / Liability
10.1	Timing Difference on Depreciable assets	6,730	6,118
10.2	Deferred Revenue Expenditure	2,446	1,785
10.3	Provision for Standard Assets and Non Performing Assets	(2,990)	-
10.4	Others	(97)	(58)
	Total Deferred Tax Liability (Net)	**6,089**	**7,845**

11. Payment to Auditors

(₹ in Lakhs)

Sl. No.	Particulars	2010-11	2009-10
11.1	Audit Fees	35	30
11.2	Fees for Quarterly Review	24	15
11.3	Out of pocket expenses	3	2
11.4	For Certification etc	9	1
	Total	**71**	**48**

12. Managerial Remuneration

(₹ in Lakhs)

Remuneration to Managing and Joint Managing Directors	2010-11	2009-10
Salary	265	265
Allowances	20	20
Contribution to Provident Fund	29	29
Commission	130	87
Total	**444**	**401**

Note : As the future liability for gratuity and leave benefit is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors are not separately ascertainable and, therefore, not included in above.

13. Contingent liabilities

(₹ in Lakhs)

Sl. No.	Particulars	As at 31 March, 2011	As at 31 March, 2010
13.1	Disputed demands		
	(i) Sales Tax	557	536
	(ii) Service tax	8,578	5,392
	(iii) Income tax	559	281
13.2	Bank guarantees*	786	879

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 20 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

(₹ in Lakhs)

Sl. No.	Particulars	As at 31 March, 2011	As at 31 March, 2010
13.3	Guarantees against receivables assigned	9	170
13.4	Guarantees against co-branded arrangements	22	80
13.5	Bank Guarantees against receivables securitized/assigned	13,669	8,119

* excludes ₹ 1,017 Lakhs (₹ 1,326 lakhs) issued on behalf of the Joint Venturer to give effect to the Scheme of Arrangement. The Company holds counter guarantee for the same.

14. Capital Commitments

(₹ in Lakhs)

Particulars	As at 31 March, 2011	As at 31 March, 2010
Estimated amount of capital contracts remaining to be executed (Net of advances of ₹ 382 lakhs (₹ 13 lakhs))	7,059	16

15. a) Financial assets aggregating to ₹ 4,740 lakhs (₹ 10,914 lakhs) represent assets pending to be given on finance.

b) Financial Assets at the commencement of the year included certain long term project loans aggregating to ₹ 10,749 lakhs given in earlier years. Against the above, during the year, the Company has recovered an amount of ₹ 10,000 lakhs and the balance amount of ₹ 749 lakhs considered as doubtful of recovery has been provided for in the accounts.

16. Segment Reporting

The Company is engaged in providing asset finance to customers in India. Consequently, it has one reportable business segment i.e. asset financing and one reportable geographical segment, i.e. India.

17. Related Party Transactions

Related party disclosures, as stipulated by "Accounting Standard 18: Related Party Disclosures" are given below:

Related Parties:

Enterprises having joint control over the Company	Nature of Relationship
Srei Infrastructure Finance Limited	Joint Venturer
BNP Paribas Lease Group	
Subsidiary	
Srei Insurance Broking Private Limited	
Key Managerial Personnel	**Designation**
Mr. Hemant Kanoria	Vice Chairman & Managing Director
Mr. Sunil Kanoria	Joint Managing Director
Mr. D K Vyas	Chief Executive Officer
Mr. CR Sudharsanam	Chief Financial Officer

Summary of Transactions with Related Parties

(₹ in Lakhs)

Name of the Related Party	Nature of Relationship	Nature of transaction	2010-11		2009-10	
			Amount	Outstanding at year end	Amount	Outstanding at year end
Srei Infrastructure Finance Limited	Joint Venturer	Advance received	270	-	-	-
		Refund of Advance	270	-	-	-
		Unsecured Loan received	-		43,544	
		Refund of Unsecured Loan	-		43,544	
		Interest paid on Unsecured Loan	-	-	1,600	-
		Rent payment	999	-	642	-

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 20 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Summary of Transactions with Related Parties

(₹ in Lakhs)

Name of the Related Party	Nature of Relationship	Nature of transaction	2010-11 Amount	2010-11 Outstanding at year end	2009-10 Amount	2009-10 Outstanding at year end
		Security Deposit paid for Leased Premises	669	1421	35	752
		Rental income	211	-	104	-
		Security Deposit received on sub-letting of Leased Premises	7	7	24	96
		Refund of Security Deposit received on sub-letting of Leased Premises	96	-		
Srei Insurance Broking Private Limited	Subsidiary Company	Rental income	29	8	28	-
		Inter Corporate Deposit received	18	-	-	-
		Repayment of Inter Corporate Deposit	18	-	-	-
		Interest paid on Inter Corporate Deposit	*	-	-	-
Mr. Hemant Kanoria	Vice Chairman and Managing Director	Managerial Remuneration	221	65	201	44
Mr. Sunil Kanoria	Joint Managing Director	Managerial Remuneration	223	65	200	43
Mr. Hemant Kanoria	Vice Chairman and Managing Director	Guarantees provided for loans taken by the Company		34,872		133,164
Mr. Sunil Kanoria	Joint Managing Director	Guarantees provided for loans taken by the Company		27,928		133,164
Mr. D K Vyas	Chief Executive Officer	Salary and Allowances	117	-	76	
Mr. D K Vyas	Chief Executive Officer	Loan given	67	56	-	-
Mr. D K Vyas	Chief Executive Officer	Interest Income on loan given	2	-	-	-
Mr. C R Sudharsanam	Chief Financial Officer	Salary and Allowances	67	-	66	

* ₹ 8.892/-

18. Earnings per Share

Basis for calculation of Basic and Diluted Earnings per Share for the year is as under:

Sl. No.	Particulars	2010-11	2009-10
18.1	Net Profit after Tax (₹ in lakhs)	13,079	8,705
18.2	Present weighted average number of equity shares	50,000,000	50,000,000
18.3	Potential weighted average number of equity shares	-	-
18.4	Nominal value of Equity per share (₹)	10	10
18.5	Basic and Diluted Earnings per share (₹)	26.16	17.41

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 20 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

19. Information as required by the Reserve Bank of India vide Notifications dated 29 March 2003 and 1 July 2009 are furnished vide Annexure – I attached herewith.

20. The Company has entered into Options, Swaps and Forward contracts (being derivative instruments) which are not intended for trading or speculation purpose but are for hedging currency and variable interest rate risks on borrowings in foreign currencies. Options, Swaps and Forward contracts outstanding as on 31st March 2011 are as follows:

i. Currency Options and Swaps:

Sl. No.	Currency	Outstanding as at 31st March, 2011		Outstanding as at 31st March, 2010	
		No of Contracts	Amount in Foreign Currency (In Lakhs)	No of Contracts	Amount in Foreign Currency (In Lakhs)
1	USD/INR	23	USD 2,650	11	USD 2,055
2	YEN/USD	1	YEN 50,259	1	YEN 54,393
3	EURO/INR	4	EURO 108	4	EURO 145
4	SGD/USD	1	SGD 349	-	-

ii. Interest Rate Swaps :

Sl. No.	Currency	Outstanding as at 31st March, 2011		Outstanding as at 31st March, 2010	
		No of Contracts	Amount in Foreign Currency (In Lakhs)	No of Contracts	Amount in Foreign Currency (In Lakhs)
1	USD	2	USD 410	1	USD 160

iii. Forward Contracts :

Sl. No.	Currency	Outstanding as at 31st March, 2011		Outstanding as at 31st March, 2010	
		No of Contracts	Amount in Foreign Currency (In Lakhs)	No of Contracts	Amount in Foreign Currency (In Lakhs)
1	USD/INR	41	USD 224	15	USD 89
2	EURO/INR	22	EURO 84	3	EURO 14
3	YEN/INR	-	-	2	YEN 3,431
4	SGD/INR	-	-	1	SGD 7
5	GBP/INR	-	-	3	GBP 5

Foreign currency borrowings that are not hedged by derivative instruments as at 31st March, 2011 amounted to ₹ 12,574 lakhs (₹ 15,953 lakhs).

21. Additional information pursuant to the provisions of Para 4D of Part II of Schedule VI to the Companies Act, 1956.

(₹ in Lakhs)

Sl. No.	Particulars	31st March, 2011	31st March, 2010
21.1	**C.I.F value of imports:**		
	Capital Goods (for Operating Lease)	5,975	1,567
21.2	**Expenditure in foreign currencies:**		
	a) Finance charges	6,168	5,166
	b) Others	72	45
21.3	**Earning in foreign currencies:**		
	Income from financial assets	34	49

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE 20 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

22. Previous year's financial statements have been audited by another firm of Chartered Accountants

23. Previous year figures including those given in brackets, have been regrouped / rearranged wherever considered necessary

Signatories to Schedules 1 to 20.

On behalf of the Board of Directors

For **S.R. BATLIBOI & CO.**
Chartered Accountants
(Registration No.301003E)

Bhaswar Sarkar	**Bertrand Gousset**	**Hemant Kanoria**	**D. K. Vyas**
Partner	Chairman	Vice Chairman & Managing Director	Chief Executive Officer
(Membership No.55596)			
Place : Kolkata		**CR Sudharsanam**	**Sanjay Chaurasia**
Date : 18th May, 2011		Chief Financial Officer	Company Secretary

Annexure - I to Notes to Accounts

I. Disclosure of details as required in terms of paragraph 10 of Non Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

1. Capital to Risk Assets Ratio (CRAR)

Sl. No.	Item	Current Year	Previous Year
i)	CRAR (%)	15.82	17.90
ii)	CRAR – Tier I Capital (%)	10.97	13.99
iii)	CRAR – Tier II Capital (%)	4.85	3.91

2. Exposure to Real Estate Sector

	Category	Current Year	Previous Year
a)	**Direct Exposure**		
	i) Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans upto ₹ 15 lakhs may be shown separately)	-	-
	ii) Commercial Real Estate -		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non- fund based (NFB) limits;	-	-
	iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -		
	a. Residential,	-	-
	b. Commercial Real Estate	-	-
b)	**Indirect Exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

3. Asset Liability Management

Maturity pattern of certain items of assets and liabilities

(₹ in Lakhs)

	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities									
Borrowings from Banks	16,085	20,758	15,437	77,219	95,779	283,915	53,669	19,522	582,384
Market Borrowings	652	4,114	1,669	13,618	24,383	93,058	6,820	2,098	146,412
Assets									
Advances *	33,593	31,640	31,062	90,971	173,179	412,400	77,064	10,774	860,683
Investments	-	-	-	-	-	-	-	250	250

* represents Financial Assets

Notes:

1. The borrowings indicated above do not include unsecured subordinated debentures/loan amounting to ₹ 48,449 lakhs since the same forms part of the Tier II Capital.
2. The maturity pattern of working capital facilities sanctioned by the banks has been apportioned in proportion to the maturity pattern of the financial assets.

Annexure - I to Notes to Accounts

II. Disclosure of details as required in terms of paragraph 13 of Non Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007

(₹ in Lakhs)

Sl. No.	Particulars	As on 31st March, 2011		As on 31st March, 2010	
	Liabilities side	Amount outstanding	Amount overdue	Amount outstanding	Amount overdue
(1)	**Loans and advances availed by the Non- Banking Financial Company inclusive of interest accrued thereon but not paid:**				
	(a) Debentures				
	- Secured	117,124	-	88,252	-
	- Unsecured (other than falling within the meaning of public deposits)	45,786	-	39,635	-
	(b) Deferred Credits	-	-	2	-
	(c) Term loans	401,518	-	342,660	-
	(d) Inter- corporate loans and borrowings	309	-	-	-
	(e) Commercial paper	1,622	-	10,148	-
	(f) Other Loans	216,267	-	92,099	-

(₹ in Lakhs)

Sl. No.	Particulars	As on 31st March, 2011	As on 31st March, 2010
	Assets Side	Amount outstanding	Amount outstanding
(2)	**Break-up of Loans and Advances including bills receivables**		
	[other than those included in (4) below]:		
	(a) Secured	-	-
	(b) Unsecured	18,562	17,436
	Total (a) + (b)	**18,562**	**17,436**
(3)	**Break-up of Leased Assets and Stock on Hire and other assets counting towards AFC activities**		
	(a) Financial assets	855,943	636,577
	(b) Assets on Operating Lease	52,805	38,079
	(c) Repossessed Assets	4,740	10,914
	Total (a) + (b) + (c)	**913,488**	**685,570**
(4)	**Break up of Investments**		
	Long Term Investments		
	(1) Unquoted:		
	(i) Shares: Equity	250	250
	Total	**250**	**250**

(5) Borrower group-wise classification of assets financed as in (2) and (3) above

(₹ in Lakhs)

Sl. No.		Amount net of provisions					
		As on 31st March, 2011			As on 31st March, 2010		
		Secured	Unsecured	Total	Secured	Unsecured	Total
1.	**Related parties**						
	a) Subsidiaries	-	-	-	-	-	-
	b) Companies in the same group	-	-	-	-	-	-
	c) Other related parties	-	-	-	-	-	-
2.	**Other than related parties**	902,898	-	902,898	676,923	-	676,923

Annexure - I to Notes to Accounts

II. Disclosure of details as required in terms of paragraph 13 of Non Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (Contd.)

(6) Investor group wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(₹ in Lakhs)

Sl. No.		As on 31st March, 2011		As on 31st March, 2010	
		Market Value/Break up or Fair value or NAV	Book value (net of provision)	Market Value/Break up or Fair value or NAV	Book value (net of provision)
1.	**Related parties**				
	a) Subsidiaries	281[1]	250	269[1]	250
	b) Companies in the same group	-	-	-	-
	c) Other related parties	-	-	-	-
2.	**Other than related parties**	-	-	-	-

[1]. Break up value

(7) Other information:

(₹ in Lakhs)

Sl. No.	Particulars	As on 31st March, 2011	As on 31st March, 2010
i.	Gross Non-Performing Assets		
	(a) Related Parties	-	-
	(b) Other than Related Parties	28,002	17,372
ii.	Net Non-Performing Assets		
	(a) Related Parties	-	-
	(b) Other than Related Parties	17,412	8,725
iii.	Assets acquired in satisfaction of debt	4,387	4,230

BALANCE SHEET ABSTRACT

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO COMPANIES ACT, 1956 (AS AMENDED)

Balance Sheet Abstract and Company's General Business Profile

I.	**Registration Details**			
	Registration No.	U70101WB2006PTC109898	State Code	21
	Balance Sheet Date	31st March, 2011		
II.	**Capital Raised during the year (Amount in ₹ Thousands)**			
	Public Issue	Nil	Right Issue	Nil
	Bonus Issue	Nil	Private Placement	Nil
III.	**Position of Mobilisation and Deployment of Funds (Amount in ₹ Thousands)**			
	Total Liabilities	98,157,966	Total Assets	98,157,966
	Source of Funds			
	Paid up Capital	500,000	Reserves & Surplus	10,545,641
	Secured Loans	69,771,387	Unsecured Loans	7,945,363
			Deferred Tax Liability (Net)	608,943
	Application of Funds			
	Net Fixed Assets	5,437,586	Investments	25,000
	Net Current Assets	83,880,700	Miscellaneous Expenditure	28,049
IV.	**Performance of the Company (Amount in ₹ Thousands)**			
	Turnover	11,949,093	Total Expenditure	9,816,531
	Profit Before Tax [+]	2,132,562	Profit After Tax [+]	1,307,962
	(+ for Profit, - for Loss)			
	Earnings Per Share (in ₹)		Dividend Rate(%)	Nil
	Basic	26.16		
	Dilutive	26.16		
V.	**Generic names of Three Principal Products / Services of Company (as per monetary terms)**			
	Item Code No (ITC Code)	Not Applicable		
	Products Description	Asset Finance		
	Item Code No. (ITC Code)	-		
	Products Description	-		
	Item Code No. (ITC Code)	-		
	Products Description	-		

On behalf of the Board of Directors

Bertrand Gousset
Chairman

Hemant Kanoria
Vice Chairman and Managing Director

D. K. Vyas
Chief Executive Officer

Place : Kolkata
Date : 18th May, 2011

CR Sudharsanam
Chief Financial Officer

Sanjay Chaurasia
Company Secretary

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANY

Name of the Subsidiary Company	Srei Insurance Broking Private Ltd.
Accounting year of the Subsidiary Company	March 31, 2011
Shares of the Subsidiary Company	
a. Number and Face Value	25,00,000 Equity Shares of ₹ 10/- each fully paid up
b. Extent of holding	100%
Net Aggregate amount of Profit/(Loss) of the Subsidiary Company so far as it concerns the members of Srei Equipment Finance Private Limited	
a. Not dealt with in the Account of Srei Equipment Finance Private Limited for the year ended March 31, 2011	
i for the Subsidiary's financial year ended March 31, 2011	₹ 10,92,442
ii for the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary	₹ 865,027
b. Dealt with in the Account of Srei Equipment Finance Private Limited for the year ended March 31, 2011	
i for the Subsidiary's financial year ended March 31, 2011	₹ Nil
ii for the previous financial years of the Subsidiary since it became the Holding Company's Subsidiary	₹ Nil

On behalf of the Board of Directors

Bertrand Gousset
Chairman

Hemant Kanoria
Vice Chairman and Managing Director

D. K. Vyas
Chief Executive Officer

CR Sudharsanam
Chief Financial Officer

Sanjay Chaurasia
Company Secretary

Place : Kolkata
Date : 18th May, 2011

DIRECTORS

Mr. R. N. Tripathi - Chairman
Mr. Gopal Dikshit
Mr. D. K. Vyas

AUDITORS

Messrs Singhi & Co.
Chartered Accountants

DIRECTORS' REPORT

Dear Members,

The Board of Directors of your Company have pleasure in presenting the Ninth Annual Report together with the Audited Accounts of your Company for the year ended 31st March, 2011.

FINANCIAL RESULTS AND OPERATIONS

(Amount in ₹)

Particulars	Year ended 31st March, 2011	Year ended 31st March, 2010
Total Income	28,456,004	19,416,856
Total Expenditure	26,576,372	18,119,106
Profit Before Depreciation	1,879,632	1,297,750
Depreciation	89,192	45,901
Profit Before Tax	**1,790,440**	**1,251,849**
Provision for Current Tax	600,309	478,020
Charge (Credit) for Deferred Tax	-	(91,198)
Deferred Tax Asset reversed	97,689	-
Profit After Tax	**1,092,442**	**865,027**
Balance brought forward from previous year	2,001,030	1,136,003
Balance carried to Balance Sheet	3,093,472	2,001,030
Paid up Equity Share Capital	25,000,000	25,000,000
Amount transferred to Reserves	1,092,442	865,027

During the year under review, the income of your Company increased to ₹ 28,456,004/- from ₹ 19,416,856/- in the previous year, through focused marketing effort. Your Company has earned a profit before tax of ₹ 1,790,440/- during the same period as compared to ₹ 1,251,849/- earned during the previous year.

FUTURE OUTLOOK

Your Company has put in place a good professional team having domain knowledge and is focusing on growth segments like infrastructure, group health and liability lines of insurance as well as geographies to ensure healthy growth of business and revenue. There is an increased focus on tapping group synergies and servicing group claims to achieve scale and optimise recovery.

BUSINESS STRATEGY

Your Company is searching out SME / Corporate clients in the infrastructure domain and servicing their business. Your Company is also aggressively pursuing group health business and have bagged various strategic accounts during the year.

In the life insurance domain, your Company is aggressively following Group term life and Individual term life business in Kolkata and Delhi.

LICENSE FROM INSURANCE REGULATORY AND DEVELOPMENT AUTHORITY (IRDA)

During the year under review, your Company has received fresh "Certificate of Renewal of License" in the category of Composite Broker for the period 17th March, 2010 to 16th March, 2013 from Insurance Regulatory and Development Authority.

PRINCIPAL OFFICER

Mr. Ashish Mahajan was appointed as the Principal Officer of your Company in place of Mr. Suresh Kumar Sharma w.e.f. 19th October, 2010.

DIVIDEND

In order to conserve the resources, the Board of Directors of your Company does not recommend any dividend for the financial year 2010-11.

FIXED DEPOSIT

Your Company has not accepted any fixed deposits during the year under review.

PARTICULARS OF EMPLOYEES

None of the employees of your Company is in receipt of remuneration requiring disclosures pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, hence no such particulars are annexed.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTFLOW

Your Company has no activity relating to Conservation of Energy and Technology Absorption as stipulated in the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

During the year under review, there were no foreign exchange earnings and expenditure of your Company (Previous Year - Nil).

COMPANY SECRETARY

Mr. Chandra Sekhar Adhikary, tendered his resignation as Company Secretary of your Company w.e.f. 5th February, 2011.

SECRETARIAL COMPLIANCE CERTIFICATE

Pursuant to the proviso to Section 383A of the Companies Act, 1956, a certificate from a Company Secretary in Whole time Practice in respect to compliances by your Company with all the provisions of the Companies Act, 1956 is attached to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

In terms of provisions of Section 217(2AA) of the Companies Act, 1956 (Act), your Directors confirm that:

(i) in the preparation of the annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

(iv) the Directors have prepared the annual accounts for the financial year ended 31st March, 2011 on a going concern basis.

AUDITORS

Messrs Singhi & Co., Chartered Accountants, retire as Statutory Auditors of your Company at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of Auditors, if re-appointed. The Board of Directors of your Company recommends the re-appointment of Messrs Singhi & Co., Chartered Accountants, as the Statutory Auditors of your Company.

ACKNOWLEDGEMENT

Your Directors wish to place on record their grateful appreciation for the excellent support and co-operation received from the Insurance Regulatory and Development Authority (IRDA), Bankers, the holding Company, Srei Equipment Finance Private Limited, Srei Infrastructure Finance Limited, various Insurance Companies, clients and other regulatory authorities. Your Directors also wish to place on record their deep appreciation to the employees for their whole-hearted support and dedicated services.

On behalf of the Board of Directors

Place : Kolkata
Date : 13th April, 2011

R. N. Tripathi
Chairman

COMPLIANCE CERTIFICATE

[In accordance with proviso to sub-section (I) of Section 383A of the Companies Act, 1956 and the Companies (Compliance Certificate) Rules, 2001]

CIN No.	:	U67120WB2002PTC095019
Paid Up Capital	:	25,000,000/-

To the Members,
Srei Insurance Broking Private Limited

I have examined the registers, records, books and papers of **Srei Insurance Broking Pvt. Ltd.,** as required to be maintained under the Companies Act, 1956 and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on **31st March, 2011**. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify the following clauses as set out in Form specified under the Companies (Compliance Certificate) Rules, 2001 to the extent relevant to the said Company in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.

2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, which were required to be filed with the Registrar of Companies within the prescribed time under the Act and the rules made there under.

3. The Company, being private limited Company, has the minimum prescribed paid up capital and its maximum number of members during the said financial year was 7 (Seven) excluding its present and past employees and the Company during the year under scrutiny:

   (i) has not invited public to subscribe for its shares or debentures; and

   (ii) has not invited or accepted any deposits from persons other than its members, directors or their relatives.

4. The Board of Directors duly met 4 (Four) times during the year 2010-2011 i.e. on 03.05.2010, 17.07.2010,19.10.2010 and 17.01.2011 in respect of which meetings proper notices were given and proceedings were properly recorded and signed in the Minutes Book maintained for the purpose. No circular resolution was passed during the year under review.

5. Register of Members was not closed during the year under review.

6. The Annual General Meeting for the financial year ended on 31st March, 2010 was held on 16th June, 2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

7. No extra ordinary general meeting has been held during the financial year ending 31st March, 2011.

8. The Company, being private limited, Section 295 of the Companies Act is not applicable.

9. The Company duly complied with the provisions of Section 297 of the Companies Act, 1956.

10. To the best of my information, the Company was not required to make any entry in the Register maintained u/s 301 as no contracts of the nature specified therein were entered into by the Company.

11. The Company was not required to obtain any approval from the Board of Directors, members or of the Central Government pursuant to Section 314 of the Act as the provisions of the said Section were not relevant to the Company during the said year.

12. No duplicate share certificates were issued by the Company during the year.

13. The Company has:

    (i) not received any cases of transfer, transmission or allotment.

    (ii) not declared any dividend for the year under consideration.

    (iii) duly complied with the requirements of Section 217 of the Act.

14. The Board of Directors of the Company is duly constituted and no new appointments of any nature have been made during the year under scrutiny.

15. The Company has not appointed any Managing Director / Whole-time Director / Manager in the year under consideration.

16. No appointment of sole-selling agents was made by the Company.

17. The Directors have disclosed their interest in other firms / Companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under and necessary entries have been done in the register maintained for the purpose.

18. The Company has not issued nor allotted any shares during the year under consideration.

19. The Company has not bought back any shares during the financial year ending 31st March, 2011.

20. The Company does not have any issued preference shares or debentures in its capital structure.

21. The Company was not required to keep in abeyance any rights to dividend, rights shares and bonus shares (no bonus or right issue was made by the Company during the year under consideration).

22. The Company has not accepted any deposits as contemplated u/s 58A and 58AA and as such was not required to comply with the provisions of said Section read with Companies (Acceptance of Deposit) Rules, 1975 / the applicable directions issued by the Reserve Bank of India / any other authority in respect of deposits accepted including unsecured loans taken, or raised by a Company.

23. The Company was not required to take sanction under Section 293 of the Companies Act, 1956 therefore no comment is required.

24. The Company being a private Company is not required to keep register of loans and investments made, guarantees given or securities provided.
25. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year.
26. The Company has not altered the provisions of the Memorandum with respect to the objects of the Company during the year.
27. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year.
28. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company.
29. The Company has not altered its Articles of Association during the year under scrutiny.
30. As per information furnished and explanation given to me, no prosecution was initiated against or show cause notice received by the Company for any alleged offence under the Act and also no fines and / or penalties or any other punishment were imposed on the Company.
31. The Company has not received any amount as security from its employees during the year under certification requiring deposit as per provisions of Section 417(1) of the Act.
32. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

For PS & Associates

(Priti Todi)

Place : Kolkata Partner

Date : 13.04.2011 C. P. No. 7270

ANNEXURE 'A'

Registers as maintained by the Company:-

1. Register & Index of Members ......u/s 150 / 151.
2. Register of Directors, etc.......u/s 303.
3. Register of disclosure....u/s 301(3) read with Section 299.
4. Register of Directors' shareholdings....u/s 307.
5. Register of Application & Allotment.
6. Register of Transfers.
7. Register for Extra Ordinary General Meeting and Balance Sheet.
8. Minutes books for minutes of meetings of the Board & shareholders, separately.
9. Register of Renewed and Duplicate share certificate.
10. Register of Contracts...u/s 301.
11. Register of Circular Resolutions.
12. File containing Annual Returns.

ANNEXURE 'B'

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March 2011:-

Sl. No.	Form No./Return	Filed under Section	Purpose	Date of Filing	Whether filed within prescribed time	SRN of the filed forms
1.	23AC/ACA	220	For the financial year 2009-2010	22/06/2010	Yes	P48300446
2.	23B	224	Appointment of Singhi & Co. as Statutory Auditor	23/06/2010	Yes	S02773927
3.	20B	159	For AGM held on 16/06/2010	06/07/2010	Yes	P48550271
4.	32	303(2)	For the Resignation of Secretary	02/03/2011	Yes	B06863955

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AUDITORS' REPORT

To the Members

Srei Insurance Broking Private Limited

We have audited the annexed Balance Sheet of **Srei Insurance Broking Private Limited (Formerly Srei Insurance Services Limited)** as at 31st March, 2011, the Profit & Loss Account and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub section (4A) of section 227A of Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the same order.

Further to our comments in the Annexure referred to above, we report that:

i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

iii) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the Books of Account.

iv) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

v) On the basis of written representations received from the directors as on 31st March, 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified, as on the Balance Sheet date, from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with other Notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.

   a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;

   b) In the case of the Profit & Loss Account, of the profit of the Company for the year ended on that date; and

   c) In the case of the Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For **Singhi & Co.**
Chartered Accountants

S. K. KOTHARI
Partner
(Membership No. 54157)
(Firm Registration No. 302049E)

1-B, Old Post Office Street,
Kolkata - 700 001
Dated : 13th April, 2011

ANNEXURE TO THE AUDITORS' REPORT

(i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situations of fixed assets.

(b) Fixed assets are physically verified by management at reasonable intervals and no material discrepancies have been noticed.

(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the year.

ii) Since the Company does not have any inventories and accordingly, paragraphs 4(ii) (a) to (c) of the Companies (Auditor's Report) Order,2003 (as amended) are not applicable to the company.

iii) (a) According to information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained U/s 301 of the Companies Act,1956 accordingly, paragraphs 4(iii)(b) to (d) of the Order are not applicable.

(b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained U/s 301 of the Companies Act,1956, accordingly paragraphs 4(iii) (f) to (g) of the Order are not applicable.

iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for provision of services. During the course of our audit, no major weakness has been noticed in the internal control system.

v) In our opinion and according to the information and explanations given to us the Company has not entered into any contract or arrangements , which are required to be entered in the Register maintained U/s. 301 of the Companies Act, 1956. Accordingly no such entry has been made in the said Register.

vi) As the Company has not taken any deposits from the public U/s. 58A and 58AA of the Companies Act, 1956 the question of Compliance of the Companies Act under those sections does not arise.

vii) The Company has an internal audit system commensurate with the size and nature of its business.

viii) Maintenance of cost records is not applicable to the company.

ix) (a) According to the information and explanations given to us and on the basis of our examination of the Books of Account, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth tax, Service Tax, Custom Duty, Excise Duty, Profession Tax and any other dues during the year with the appropriate authorities.

The Company has challenged the constitutional validity of Fringe Benefit Tax before High Court of Calcutta and the Honorable High Court has granted interim stay on levy of such Fringe Benefit Tax on the Company. In view of this Company has not provided for liability towards Fringe Benefit Tax till 31st March,2009. However , consequent upon abolition of Fringe Benefit Tax from Accounting Year 09-10, no liability arises for the year.

(b) According to the information and explanations given to us, there are no disputed dues in respect of Income Tax etc. outstanding as on 31st March, 2011.

x) The Company does not have any accumulated losses at the end of the financial year and also has not incurred cash losses in current financial year covered by our audit and in the immediately preceeding financial years.

xi) The Company does not have any dues to any banks or financial institution.

xii) According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of Shares, Debentures and other securities.

xiii) The Company is not a chit fund / nidhi / mutual benefit fund /society.

xiv) According to the information and explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments.

xv) According to the information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institution.

xvi) The Company has not raised any term loan during the year.

xvii) On the basis of our overall examination of the balance sheet of the Company we report that, funds raised for short-term basis have not been used for long term investment.

xviii) The Company has not made any preferential allotment of shares during the year to parties and companies covered in the registered maintained U/s. 301 of the Companies Act,1956.

xix) The Company has not issued any debentures during the year.

xx) The Company has not raised any money by public issue during the year.

xxi) According to the information and explanations given to us and on an overall examination of the financial statements of the Company , we report that no fraud on or by the Company has been noticed or reported during the year.

For **Singhi & Co**
Chartered Accountants

S. K. KOTHARI
Partner
(Membership No. 54157)
(Firm Registration No. 302049E)

1-B, Old Post Office Street,
Kolkata - 700 001
Dated : 13th April, 2011

Balance Sheet as at 31st March, 2011

(Amount in ₹)

	Schedule	2011	2011	2010	2010
SOURCES OF FUND					
Shareholders' Fund					
Share Capital	1	25,000,000		25,000,000	
Reserves & Surplus	2	3,093,472	28,093,472	2,001,030	27,001,030
Total			**28,093,472**		**27,001,030**
APPLICATION OF FUND					
Fixed Assets	3				
Gross Block		359,780		308,780	
Less: Depreciation		244,077		154,885	
Net Block			115,703		153,895
Deferred Tax Assets			-		97,689
Current Assets, Loans & Advances					
Current Assets	4	28,085,053		11,887,925	
Loans & Advances	5	3,231,770		16,837,619	
		31,316,823		28,725,544	
Less: Current Liabilities & Provisions					
Current Liabilities	6	2,344,384		1,218,726	
Provisions	7	994,670		757,372	
		3,339,054		1,976,098	
Net Current Assets			27,977,769		26,749,446
Total			**28,093,472**		**27,001,030**
Significant Accounting Policies and Notes to Accounts	11				

The Schedules referred to above form an integral part of the Balance Sheet.
This is the Balance Sheet referred to in our report of even date.

For **Singhi & Co.**
Chartered Accountants

On behalf of the Board of Directors

S.K.Kothari
Partner
(Membership No. 54157)
(Firm Registration No. 302049E)

R.N.Tripathi
Chairman

Gopal Dikshit
Director

Place : Kolkata
Date : 13th April, 2011

Profit and Loss Account for the year ended 31st March, 2011

(Amount in ₹)

	Schedule	2011	2010
INCOME FROM OPERATIONS			
Insurance Commission		27,696,725	18,118,216
(TDS ₹ 1,818,950/-, Previous Year ₹ 1,182,471/-)			
Other Income	8	759,279	1,298,640
Total		**28,456,004**	**19,416,856**
EXPENDITURE			
Staff Expenses	9	18,816,571	11,029,205
Administrative & Other Expenses	10	7,759,801	7,089,901
Depreciation		89,192	45,901
Total		**26,665,564**	**18,165,007**
Profit Before Tax		**1,790,440**	**1,251,849**
Provision for Current Tax		600,309	478,020
Charge (Credit) for Deferred Tax		-	(91,198)
Deferred Tax asset reversed		97,689	-
Profit After Tax		**1,092,442**	**865,027**
Balance brought forward from previous year		2,001,030	1,136,003
Balance carried to Balance Sheet		**3,093,472**	**2,001,030**
Earnings Per Equity Share (₹)		**0.44**	**0.35**
Significant Accounting Policies and Notes to Accounts	11		

Schedules referred to above form an integral part of the Accounts

For **Singhi & Co.**
Chartered Accountants

On behalf of the Board of Directors

S.K.Kothari
Partner
(Membership No. 54157)
(Firm Registration No. 302049E)

R.N.Tripathi
Chairman

Gopal Dikshit
Director

Place : Kolkata
Date : 13th April, 2011

Cash Flow Statement for the year ended 31st March, 2011

(Amount in ₹)

	2011	2010
A. Cash Flow from Operating Activities		
Net Profit / (Loss) before tax	1,790,440	1,251,849
Adjustments for:		
Depreciation	89,192	45,901
Preliminary Expenses written off	-	-
Interest Income	(391,645)	(789,313)
Liabilities No Longer Required Written Back	(367,634)	(509,327)
Bad Debts written off	-	27,161
Operating Profit before Working Capital Changes	**1,120,353**	**26,271**
Adjustments for:		
(Increase) / Decrease in Receivables/others	10,657,993	(543,872)
Increase / (Decrease) in Trades Payables / others	1,730,590	(1,316,655)
Cash generated from Operating activities	**13,508,936**	**(1,834,256)**
Advance Tax (net of refund)	(1,848,486)	(1,191,860)
Net Cash from Operating Activities	**11,660,450**	**(3,026,116)**
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(51,000)	(32,000)
Interest Received	408,373	900,380
Net Cash from Investing activities	**357,373**	**868,380**
C. Cash Flow from Financing Activities	-	-
Net Increase / (Decrease) in Cash & Cash Equivalents	**12,017,823**	**(2,157,736)**
Cash and Cash Equivalents as on 01.04.2010	**8,583,399**	**10,741,135**
Cash and Cash Equivalents as on 31.03.2011	**20,601,222**	**8,583,399**

Notes:

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard 3 (AS-3) 'Cash Flow Statements' notified by the Central Government under Companies (Accounting Standards) Rules,2006.
2. Figures in bracket represent Cash Outflow.
3. Previous year's figures have been regrouped/rearranged,wherever necessary to conform to the current year's classification.
4. Cash & Cash equivalent at the end of the year consist of:

	2011	2010
a) Cash in hand	3,831	30,804
b) Balances with Banks in Current Account	597,391	1,452,595
c) Balances with Banks in Fixed Deposit Account (Under Lien with IRDA - ₹ 50 Lakhs, Previous year ₹ 50 Lakhs)	20,000,000	7,100,000
	20,601,222	**8,583,399**

For **Singhi & Co.**
Chartered Accountants

On behalf of the Board of Directors

S.K.Kothari
Partner
(Membership No. 54157)
(Firm Registration No. 302049E)

R.N.Tripathi
Chairman

Gopal Dikshit
Director

Place : Kolkata
Date : 13th April, 2011

Schedules to the Balance Sheet as at 31st March, 2011

(Amount in ₹)

	2011	2010
SCHEDULE 1 - SHARE CAPITAL		
Authorised		
2,500,000 Equity Shares of ₹ 10/- each	**25,000,000**	**25,000,000**
Issued, Subscribed & Paid-up		
2,500,000 (Previous Year 2,500,000) Equity Shares of ₹ 10/- each fully paid-up in cash	25,000,000	25,000,000
	25,000,000	**25,000,000**
Note : The entire Share Capital is held by Srei Equipment Finance Pvt Ltd., the Holding Co. and its nominees.		
SCHEDULE 2 - RESERVES & SURPLUS		
Profit & Loss Account	3,093,472	2,001,030
	3,093,472	**2,001,030**

SCHEDULE 3 - FIXED ASSETS

(Amount in ₹)

Particulars	Gross Block			Depreciation			Net Block	
	As of 1st April, 2010	Addition during the year	As of 31st March, 2011	As of 1st April, 2010	For the year	As of 31st March, 2011	As of 31st March, 2011	As of 31st March, 2010
Computers	295,096	51,000	346,096	152,472	88,309	240,781	105,315	142,624
Furniture & Fixtures	13,684	-	13,684	2,413	883	3,296	10,388	11,271
Total	**308,780**	**51,000**	**359,780**	**154,885**	**89,192**	**244,077**	**115,703**	**153,895**
Previous Year	276,780	32,000	308,780	108,984	45,901	154,885	153,895	

(Amount in ₹)

	2011	2010
SCHEDULE 4 - CURRENT ASSETS		
Sundry Debtors:		
(Unsecured ,Considered good)		
- Debts Outstanding for a period exceeding six month	-	44,065
- Other Debts	447,448	1,684,353
Accrued Income	6,939,821	1,462,818
Interest Accrued on Fixed Deposit	96,562	113,290
Cash and Bank Balances:		
Cash In Hand	3,831	30,804
With Scheduled Banks		
- In Current Account	597,391	1,452,595
- In Fixed Deposit Account (Under Lien with IRDA - ₹ 50 Lakhs)	20,000,000	7,100,000
(Previous Year- ₹ 50 Lakhs under lien with IRDA)		
	28,085,053	**11,887,925**
SCHEDULE 5 - LOANS & ADVANCES		
(Advance receivable in cash or in kind or for value to be received)		
Security Deposit	-	15,000,000
Other Advances	264,880	118,906
Advance Income Tax [net of provision for Tax of	2,966,890	1,718,713
₹ 1,974,487/- (Previous Year - ₹ 1,374,178/-)]		
	3,231,770	**16,837,619**
SCHEDULE 6 - CURRENT LIABILITIES		
Sundry Creditors	-	405,500
Other Current Liabilities	2,344,384	813,226
	2,344,384	**1,218,726**
SCHEDULE 7 - PROVISIONS		
Provision for Gratuity	469,650	410,380
Provision for Leave	525,020	346,992
	994,670	**757,372**

Schedules to the Profit & Loss Account for the year ended 31st March, 2011

(Amount in ₹)

	2011	2010
SCHEDULE 8 - OTHER INCOME		
Interest on Fixed deposits	382,753	789,313
(TDS ₹ 29,536/-, Previous Year ₹ 9,850/-)		
Liabilities No Longer Required Now Written Back	367,634	509,327
Interest on Inter Corporate Deposits	8,892	-
	759,279	**1,298,640**
SCHEDULE 9 - STAFF EXPENSES		
Salary & Allowances	17,815,269	10,397,695
Employer Contribution to P.F.	836,567	545,946
Staff Welfare Expenses	164,735	85,564
	18,816,571	**11,029,205**
SCHEDULE 10 - ADMINISTRATIVE & OTHER EXPENSES		
Travelling & Conveyance	3,296,903	2,044,974
Communication Expenses	186,874	192,922
Professional Charges	114,204	182,796
Recruitment Charges	-	408,482
Printing & Stationery Expenses	23,685	26,167
Director Sitting Fees	55,000	50,000
Auditor Remuneration		
- Statutory Audit Fees	25,000	12,500
- In Other Capacity	2,500	11,000
Rent	3,241,600	3,541,875
Rates & Taxes	16,648	28,660
Postage & Telegram	13,911	1,675
Maintenance Charges	275,583	243,258
Fees & Subscription	280,000	159,600
Business Promotion Expenses	110,687	77,889
Insurance Charges	82,044	60,219
Miscellaneous Expenses	35,162	20,723
Bad Debts Written off	-	27,161
	7,759,801	**7,089,901**

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE – 11 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

A. Significant Accounting Policies

1. Basis of Accounting

The financial statements are prepared and presented in accordance with generally accepted accounting principles in India, Accounting Standards notified by the Central Government under the Companies (Accounting Standard) Rules, 2006 and the provisions of the Companies Act, 1956. The Company follows the accrual method of accounting under the historical cost convention.

2. Recognition of Income & Expenditure

All income & expenditure are accounted on accrual basis.

3. Fixed Assets

i) Fixed Assets are stated at their original cost of acquisition less accumulated depreciation.

ii) Depreciation is provided on straight–line method applying the rates prescribed in Schedule XIV to the Companies Act, 1956 or based on estimated useful life, whichever is higher. The details of estimated useful life for each category of assets are as under:

Asset category	Estimated Useful Life
Computers	4 to 6 Years
Furniture & Fixture	16 Years

iii) Fixed Assets costing less than ₹ 5,000/- are depreciated fully in the year of acquisition.

4. Impairment of Fixed Assets

Wherever events or changes in circumstances indicate that the carrying value of Fixed Assets may be impaired, the Company subjects such assets to a test of recoverability, based on discounted cash flows expected from use or disposal of such assets. If the assets are impaired, the Company recognizes an impairment loss as the difference between the carrying value and recoverable value. None of the Company's Fixed Assets are considered impaired as on the Balance Sheet date.

5. Investments

Investments are classified into "Current" and "Long Term" investments. All long term investments are stated at cost. Provision for diminution in value, other than temporary, is considered wherever necessary on individual basis. Cost is arrived at on weighted average method for the purpose of valuation of investment. Investments held as stock for trade are valued at lower of cost and market price determined category-wise.

6. Miscellaneous Expenditure

Preliminary expenses are written off in the year of incurrence.

7. Contingent Liabilities

Contingent Liabilities not provided for, if any, are separately shown by way of a note in this schedule

8. Retirement & Other Benefits to Employees

i) **Short term employee benefits**

Short term employee benefits based on expected obligation on undiscounted basis are recognized as expense in the Profit and Loss Account of the period in which the related service is rendered.

ii) **Defined Contribution plan**

Company's contribution towards Employee's Provident Fund paid or payable during the period to the Provident Fund Authority are charged to Profit and Loss Account.

iii) **Defined benefit plan**

Company's liability towards Gratuity & Leave benefit are defined benefit plans. Such liabilities are ascertained by an independent actuarial valuation as per the requirements of Accounting Standard – 15 (revised 2005) "Employee Benefits".

9. Taxes on Income

i) Current Tax is the amount of tax payable on the taxable income for the year determined in accordance with the provisions of the Income Tax Act 1961.

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE – 11 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)

ii) Deferred Tax is recognized on timing difference; being the difference between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets, subject to the consideration of prudence, are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

10. Earning per Share

The Company reports basic and diluted earnings per equity share in accordance with Accounting Standard-20, Earnings Per Share issued by the Institute of Chartered Accountants of India. Basic earnings per equity share have been computed by dividing net profit after tax by the weighted average number of equity shares outstanding for the year. Diluted earning per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year.

11. Segment Reporting

The business of the Company falls within a single primary business segment viz ‘Composite Insurance Broking Services’ and hence the disclosure requirement of “Accounting Standard -17 : Segment Reporting” issued by The Institute of Chartered Accountants of India is not applicable.

B. Notes to Accounts

1. The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2011 as micro, small or medium enterprises. Consequently the amount paid / payable to these parties during the year is nil (Previous year ₹nil).

2. The Company has challenged the constitutional validity of Fringe Benefits Tax before the Hon’ble High Court at Calcutta and the Hon’ble Court has granted interim stay on levy of such Fringe Benefits Tax on the Company. In view of this, the Company has not provided for any liability towards Fringe Benefits Tax till 31st March 2009. However, consequent upon abolition of Fringe Benefits Tax from Accounting year 2009-10, no liability arises for the year.

3. The following table sets out the details of amount recognized in the financial statements in respect of gratuity.

Sl. No.	Particulars	Gratuity (Unfunded)	
	Defined benefit plan	31st March, 2011 (₹)	31st March, 2010 (₹)
	As per actuarial valuation report as at		
I	**Components of employer expenses**		
1	Current Service Cost	445,090	201,050
2	Interest cost	34,060	18,860
3	Expected return on plan assets	-	-
4	Curtailment cost / (credit)	-	-
5	Settlement cost / (credit)	-	-
6	Past Service Cost	-	-
7	Actuarial Losses / (Gains)	(419,880)	(45,270)
8	Other adjustments	-	-
9	**Total expenses recognized in the Statement of Profit & Loss Account for the year ended (Total 1 to 8)**	**59,270**	**174,640**
II	**Actual Contribution and Benefit Payments for the year ended**		
1	Actual Benefit payments	-	-
2	Actual Contributions	-	-
III	**Net assets / (liability) recognized in balance sheet as at**		
1	Present value of Defined Benefit Obligation	469,650	410,380
2	Fair value of plan assets	-	-
3	Funded status [Surplus/(Deficit)]	(469,650)	(410,380)
4	Unrecognized past service cost	-	-

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE – 11 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)

Sl. No.	Particulars	Gratuity (Unfunded)	
	Defined benefit plan	31st March, 2011 (₹)	31st March, 2010 (₹)
5	**Net asset/ (liability) recognized in balance sheet**	**(469,650)**	**(410,380)**
IV	**Change in Defined Benefit Obligations during the year ended**		
1	Present Value of DBO at the beginning of the year	410,380	109,500
2	Current Service cost	445,090	201,050
3	Interest cost	34,060	18,860
4	Curtailment cost / (credit)	-	-
5	Settlement cost / (credit)	-	-
6	Plan amendments	-	-
7	Acquisitions	-	126,250
8	Actuarial (Gains) / Losses	(419,880)	(45,270)
9	Benefits paid	-	-
10	Present Value of DBO at the end of the year (Total 1 to 9)	469,650	410,380
V	**Change in Fair value of Assets during the year ended**		
1	Plan assets at the beginning of the Year	-	-
2	Acquisition/ Settlement Adjustment	-	-
3	Expected return on plan assets	-	-
4	Actual company contribution	-	-
5	Benefits paid	-	-
6	Actuarial (Gains) / Losses	-	-
7	Other adjustments	-	-
8	Fair Value of Plan assets at the end of the year (Total 1 to 7)	-	-
VI	**Actuarial Calculation**		
1	Experience (Gain) / Loss Adjustment on plan liabilities	(411,030)	(19,020)
2	Actuarial (Gain) / Loss due to change in assumptions	(8,850)	(26,250)
3	Actuarial (Gain) / Loss on defined benefit obligations	(419,880)	(45,270)
4	Experience (Gain) / Loss Adjustment on plan assets	-	-
VII	**Actuarial Assumptions**		
1	Discount Rate	8.30%	8.30%
2	Expected return on plan assets	N/A	N/A
3	Salary Increases	10.00%	10.00%
4	Retirement/ Superannuation Age	60 yrs	60 yrs
5	Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
6	Withdrawal rate for Gratuity:		
	Ages from 20-24	5.00%	5.00%
	Ages from 25-29	3.00%	3.00%
	Ages from 30-34	2.00%	2.00%
	Ages from 35-49	1.00%	1.00%
	Ages from 50-54	2.00%	2.00%
	Ages from 55-NRA	3.00%	3.00%

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE – 11 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)

4. The following table set out the details of amount recognized in the financial statements in respect of Privilege Leave Benefit.

Sl. No.	Particulars	Privilege Leave Benefit (Unfunded)
	Defined benefit plan	31 March, 2011 (₹) #
	As per actuarial valuation report as at	
I	**Components of employer expenses**	
1	Current Service Cost	404,280
2	Interest cost	26,260
3	Expected return on plan assets	-
4	Curtailment cost / (credit)	-
5	Settlement cost / (credit)	-
6	Past Service Cost	-
7	Actuarial Losses / (Gains)	(292,050)
8	Other adjustments	-
9	**Total expenses recognized in the Statement of Profit & Loss Account for the year ended (Total 1 to 8)**	**138,490**
II	**Actual Contribution and Benefit Payments for the year ended**	
1	Actual Benefit payments	-
2	Actual Contributions	-
III	**Net assets / (liability) recognized in balance sheet as at**	
1	Present value of Defined Benefit Obligation	424,380
2	Fair value of plan assets	-
3	Funded status [Surplus/(Deficit)]	(424,380)
4	Unrecognized past service cost	-
IV	**Change- in Defined Benefit Obligations during the Year ended**	
1	Present Value of DBO at the beginning of the year	346,990
2	Current Service cost	404,280
3	Interest cost	26,260
4	Curtailment cost / (credit)	-
5	Settlement cost / (credit)	-
6	Plan amendments	-
7	Acquisitions	-
8	Actuarial (Gains) / Losses	(292,050)
9	Benefits paid	(61,100)
10	Present Value of DBO at the end of the year (Total 1 to 9)	424,380
V	**Change in Fair value of Assets during the year ended**	
1	Plan assets at the beginning of the Year	-
2	Acquisition/ Settlement Adjustment	-
3	Expected return on plan assets	-
4	Actual company contribution	-
5	Benefits paid	-
6	Actuarial (Gains) / Losses	-
7	Other adjustments	-
8	Fair Value of Plan assets at the end of the year (Total 1 to 7)	-
VI	**Actuarial Calculation**	
1	Experience (Gain) / Loss Adjustment on plan liabilities	(285,630)
2	Actuarial (Gain) / Loss due to change in assumptions	(6,430)
3	Actuarial (Gain) / Loss on defined benefit obligations	(292,060)
4	Experience (Gain) / Loss Adjustment on plan assets	-

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE – 11 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)

Sl. No.	Particulars	Privilege Leave Benefit (Unfunded)
	Defined benefit plan	31 March, 2011 (₹)
VII	**Actuarial Assumptions**	
1	Discount Rate	8.40%
2	Expected return on plan assets	N/A
3	Salary Increases	10.00%
4	Retirement/ Superannuation Age	60 yrs
5	Mortality	LIC (1994-96) Ultimate
6	Encashment pattern	50.00%
7	Withdrawal rate for Leave Benefit:	
	Ages from 20-24	5.00%
	Ages from 25-29	3.00%
	Ages from 30-34	2.00%
	Ages from 35-49	1.00%
	Ages from 50-54	2.00%
	Ages from 55-NRA	3.00%

The Company has adopted the actuarial valuation for employee leave benefit from the current financial year.

5. The following table set out the details of amount recognized in the financial statements in respect of Sick Leave Benefit.

Sl. No.	Particulars	Sick Leave Benefit (Unfunded) #
	Assets/Liabilities	31 March, 2011 (₹)
1	Projected Benefit Obligation	100,640
2	Fair value of plan assets	-
	Financial & demographic assumptions	
1	Discount Rate	8.40%
2	Expected return on plan assets	N/A
3	Salary Increases	10.00%
4	Retirement/ Superannuation Age	60 yrs
5	Mortality	LIC (1994-96) Ultimate
6	Withdrawal rate for Leave Benefit:	
	Ages from 20-24	5.00%
	Ages from 25-29	3.00%
	Ages from 30-34	2.00%
	Ages from 35-49	1.00%
	Ages from 50-54	2.00%
	Ages from 55-NRA	3.00%

The Company has adopted the actuarial valuation for employee leave benefit from the current financial year.

6. Earnings in Foreign Currency – ₹ NIL - (Previous Year ₹ NIL)

7. Expenses in Foreign Currency – ₹ NIL - (Previous Year ₹ NIL)

8. **Related Party Transactions:**

The Company has the following related parties:

Holding Company	Key Management Personnel
Srei Equipment Finance Private Limited	Mr. Ashish Mahajan Senior Vice President (Appointed w.e.f. 07.12.2009)

Schedules to the Balance Sheet and Profit and Loss Account

SCHEDULE – 11 - SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011 (Contd.)

Summary of Transactions with Related Parties:

(Amount in ₹)

Name of the related party	Nature of relationship	Nature of transaction	Amount	Outstanding at the year end
Srei Equipment Finance Private Limited	Holding Company	Rent Paid	2,149,875 (2,832,375)	Nil (Nil)
Srei Equipment Finance Private Limited	Holding Company	Inter Corporate Deposit	1,800,000 (Nil)	Nil (Nil)
Srei Equipment Finance Private Limited	Holding Company	Interest Received On Inter Corporate Deposit	8,892 (Nil)	Nil (Nil)
Mr. Ashish Mahajan	Key Management Personnel	Salary & other allowances	2,799,200 (999,681)	Nil (Nil)

Amount in brackets represent previous year figures

9. Basic / Dilutive Earnings Per Share

The computation of basic and diluted earnings per equity share is given below:

Particulars	Year ended 31 March, 2011	Year ended 31 March, 2010
Weighted average number of equity shares (Nos.)	2,500,000	2,500,000
Profit after Taxes (₹)	1,092,442	865,027
Earnings Per share (₹)	0.44	0.35

10. The Company is presently a wholly owned subsidiary of Srei Equipment Finance Private Limited ('SEFPL'). However, Srei Infrastructure Finance Limited ('SIFL') has agreed to acquire the entire shareholding in the Company from SEFPL, subject to the requisite regulatory approvals. SIFL has received the No Objection Certificate from Reserve Bank of India in March, 2011 for investment in equity shares of the Company. Application seeking approval for the change in shareholding has been made to Insurance Regulatory and Development Authority (IRDA). The acquisition of shares of the Company by SIFL will be done after receiving IRDA approval.

11. Professional fees for the year 2010-11 includes ₹ 49,954/- being expenses related to prior period.

12. The previous year figures have been regrouped / rearranged wherever considered necessary.

Signatories to Schedules 1 to 11.

Schedules referred to above form an integral part of the Accounts.

As per our report annexed.

For **Singhi & Co.**
Chartered Accountants

On behalf of the Board of Directors

S.K.Kothari
Partner
(Membership No. 54157)
(Firm Registration No. 302049E)

R. N. Tripathi
Chairman

Gopal Dikshit
Director

Place : Kolkata
Date : 13th April, 2011

BALANCE SHEET ABSTRACT

INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO COMPANIES ACT, 1956 (AS AMENDED)
Balance Sheet Abstract and Company's General Business Profile

I.	**Registration Details:**			
	Registration No	U67120WB2002PTC095019	State Code	21
	Balance Sheet Date	31.03.2011		
II.	**Capital Raised During the year (Amount in ₹ Thousands)**			
	Public Issue	Nil	Right Issue	Nil
	Bonus Issue	Nil	Private Placement	Nil
III.	**Position of Mobilisation and deploymnet of Funds (Amount in ₹ Thousands)**			
	Total Liabilities	31,433	Total Assets	31,433
	Sources of Funds			
	Paid Up Capital	25,000	Reserves & Surplus	3,093
	Secured Loans	Nil	Unsecured Loans	Nil
	Application of Funds			
	Net Fixed Assets	116	Investments	Nil
	Net Current Assets	27,978	Misc. Expenditure	Nil
			Deferred Tax Assets	-
IV.	**Performance of the Company (Amount in ₹ Thousands)**			
	Turnover (including other income)	28,456	Total Expenditure	26,666
	Profit/(Loss) Before Tax	1,790	Profit/(Loss) After Tax	1,092
	Earnings per Share (₹)	0.44	Dividend Rate (%)	Nil
V.	**Generic names of Three Principal Products/ Services of Company (as per monetary terms)**			
	Item Code No (ITC Code)	N.A.		
	Product Description	Composite Insurance Broking		
	Item Code No (ITC Code)	N.A.		
	Product Description	N.A.		
	Item Code No (ITC Code)	N.A.		
	Product Description	N.A.		

For **Singhi & Co.**
Chartered Accountants

On behalf of the Board of Directors

S.K.Kothari
Partner
(Membership No. 54157)
(Firm Registration No. 302049E)

R. N. Tripathi
Chairman

Gopal Dikshit
Director

Place : Kolkata
Date : 13th April, 2011

Notes

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